

CONFIDENTIAL.

(5669.)

F.O.

407

FURTHER CORRESPONDENCE

RESPECTING THE

FINANCES OF EGYPT.

[In continuation of Confidential Paper No. 5554.]

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[In continuation of Confidential Paper No. 5554.]

January to June 1888.

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CONFIDENTIAL.

Further Correspondence respecting the Finances of Egypt.

[In continuation of Confidential Paper No. 5554.]

No. 1.

Sir E. Baring to the Marquis of Salisbury.—(Received January 9.)

(No. 3.)

My Lord,

Cairo, January 2, 1888.

I HAVE the honour to inclose a copy of the Egyptian Budget for the year 1888.

I also inclose printed copies of the correspondence connected with the financial arrangements of the year which has passed between Nubar Pasha and the Finance Department. With the exception of the last letter—that of Nubar Pasha to the Minister of Finance, dated the 13th December—these letters have already been forwarded to your Lordship in previous despatches.

I propose, as in previous years, to address your Lordship a despatch analysing the financial results of 1887 and dwelling on the prospects of 1888. My Report will be more complete if I await the publication of the final accounts of 1887, which will probably take place towards the end of February.

Unless, therefore, your Lordship should wish me to report at an earlier date, I propose to postpone dealing fully with the subject for the present.

I should not, however, delay to make the following observations:—

On reference to Nubar Pasha's letter of the 13th December, your Lordship will observe that it is assumed that £ E. 65,000 will be economized at Suakin, viz., £ E. 50,000 on account of military, and £ E. 15,000 on account of civil expenditure. This estimate was made before Osman Digna reappeared before Suakin. I doubt whether, under present circumstances, so large an economy will be realized.

In the second place, your Lordship will notice that credit is taken for an economy of £ E. 12,000 under the head of "Adjonction des Phares au Port d'Alexandrie."

A discussion has been proceeding for some while as to whether the administration of the port of Alexandria may not be conveniently amalgamated with that of the customs or the lighthouses. There is a good deal to be said in favour of a proposal of this nature, more especially if it involves a saving of money. I am, however, unable to offer a distinct opinion on the subject until I am more fully acquainted with the precise nature of the change which it is proposed to effect. In the meanwhile, I have intimated to the Egyptian authorities that important international, and especially English, interests are involved both in the administration of the lighthouses and that of the port of Alexandria, and that, under these circumstances, it will be advisable, before deciding finally on any change, that Her Majesty's Government should be consulted.

I have received a promise that nothing will be done without previous communication with me.

The first step towards making any change should, I think, be to obtain a good legal opinion as to the power of the Egyptian Government to deal with this subject. I am inclined to the opinion that their powers in this matter are limited.

In the third place, your Lordship will observe that credit is taken for an economy of £ E. 24,000 under the head of "Economies à réaliser sur les Dépenses des Chemins de Fer."

In so far as this saving results from a reduction of establishment, it is to be commended. But I understand that some portion of it has been effected by cutting down the expenditure on repairs of the permanent way and rolling stock. I doubt the advisability in respect to expenditure of this sort of doing anything inconsistent with the recommendations recently made by Colonel Marindin and Mr. Farrar.

I understand that this subject will not improbably be reconsidered.

I have, &c.
(Signed) E. BARING.

Inclosure in No. 1.

Extract from Supplement to the "Journal Officiel" of December 31, 1887.

M. le Ministre et cher Collègue, *Le Caire, le 13 Décembre, 1887.*
DANS sa séance du Jeudi, 8 Décembre courant, le Conseil des Ministres, réuni sous la présidence de Son Altesse, a pris connaissance de la note en date du 7 du même mois, par laquelle le Comité des Finances propose l'adoption de certaines mesures Budgétaires en vue de combler le déficit du Budget de l'année 1888, évalué à £ E. 334,000.

Le Conseil, après étude des différentes propositions qui lui sont soumises :—

Considérant qu'il importe au Gouvernement d'arriver non seulement à un équilibre stable de son Budget, mais aussi d'assurer un excédent réel de ressources, afin d'affermir le crédit du pays, d'autant plus que le Gouvernement est vraisemblablement à la veille de contracter un emprunt pour continuer, sur une grande échelle, l'échange des pensions contre des terres Domaniales et des biens libres de l'État, opération qui le soulagera et au point de vue des pensions et à celui des déficits des Domaines ;

Considérant que depuis 1884 le Budget Général des recettes et des dépenses a été publié en temps utile, et qu'il est très important de ne point retomber dans les errements du passé en ajournant au mois de Mars la communication du Budget aux Administrations de l'État, ce qui mettait les Chefs de Service dans l'impossibilité de régler les dépenses de manière à ne pas dépasser les crédits sanctionnés,

A adopte les mesures suivantes :—

Augmentation des Revenus.

	£ E.
1. Proposition à présenter à l'Assemblée Générale pour autoriser le Gouvernement à élever la taxe sur les terres cultivées en tabacs, jusqu'à un maximum de £ E. 20 à £ E. 25, cette mesure produisant une augmentation de	100,000
2. Mise à jour des listes de recrutement	50,000
3. Plus-value des droits d'enregistrement et de succession	50,000
4. Elevation du tarif des frais judiciaires devant les Tribunaux Indigènes au niveau de celui des Tribunaux Mixtes	25,000
5. Taxation du port d'armes suivant une Loi à édicter	10,000
6. Le chiffre fixé par le Comité des Finances pour les droits sur la propriété bâtie paraît pouvoir être augmenté de	15,000
Total	250,000

Diminution des Dépenses.

	£ E.
1. Réduction de la garnison de Souakin	50,000
2. Réduction des dépenses de l'administration civile de Souakin	15,000
3. Réduction des dépenses du Ministère de la Guerre, en dehors des £ E. 50,000 à diminuer sur la garnison de Souakin	10,000
4. Adjonction des phares au port d'Alexandrie (quoique cette mesure semble devoir produire une économie de £ E. 15,000, le Conseil a, par prudence, fixé provisoirement la diminution de dépenses qui en résultera à)	12,000
5. Économies à réaliser sur les dépenses des Palais	5,000
6. Économies à réaliser sur les dépenses des chemins de fer. (Le Ministère des Travaux Publics est chargé d'inviter cette Administration à faire une économie de)	24,000
7. Transfert de l'imprimerie du Ministère des Finances à Boulak	2,000
8. Économies sur les dépenses du Mahmal	2,000
9. Réduction sur les abonnements aux journaux	1,000
Total	121,000

D'après les dernières données fournies par le Ministère des Finances, ces mesures produiront le résultat suivant :—

	£ E.
Recettes	9,600,000
Dépenses	9,576,000
Excédent de recettes	24,000

Le Conseil a, par conséquent, décidé que le Budget provisoire de 1888 sera arrêté sur ces bases et publié en temps utile ; mais, comme l'excédent des revenus de £ E. 24,000 est insuffisant pour consolider le crédit Égyptien, le Conseil a résolu que la Commission instituée sous ma présidence pour la simplification des rouages administratifs devra poursuivre activement sa mission en ce qui concerne toutes les Administrations de l'État.

Veillez, &c.
Le Président du Conseil des Ministres,
(Signé) NUBAR.

A son Excellence Mohamed Zeki Pacha,
Ministre des Finances.

*Budget Provisoire du Gouvernement Egyptien pour l'Exercice 1888, sanctionné par le
Conseil des Ministres dans sa Séance du 8 Décembre, 1887.*

BUDGET Provisoire des Recettes pour l'Exercice 1888.

Désignation des Recettes.	Budget pour l'Exercice 1888.	
	£ E.	£ E.
I. Contributions Directes—		
1. Impôts fonciers—		
Kharadj	4,424,236	
Ouchouri	719,847	
Dîmes sur les dattiers	89,045	
Autres impôts fonciers	66,837	
	5,299,965	
2. Autres Contributions Directes—	£ E.	
Impôts professionnels	166,400	
Droits sur les propriétés urbaines	135,000	
" moutons et chèvres	35,842	
" voitures et bêtes de somme	8,000	
" pressoirs d'huile	2,961	
	348,203	
		5,648,168
II. Contributions Indirectes—		
1. Douanes	1,030,000	
2. Octrois	314,980	
3. Sel et natron	215,361	
4. Pêcheries—	£ E.	
Matarieh	48,913	
Marchés d'Alexandrie et de Broullos	14,690	
Droits de marchés de poissons	20,596	
	84,199	
5. Droits de navigation	78,550	
6. Timbre et enregistrement—	£ E.	
Papier timbré	44,713	
Droits d'enregistrement	55,287	
	100,000	
7. Droits divers—		
Droits de pesage	42,244	
" d'abattage	23,465	
Autres droits	23,941	
	89,650	
		1,912,740
III. Revenus des Administrations de Recettes—		
1. Chemins de fer	1,300,000	
2. Chemins de fer de Héliouan et ligne et port du Mex	9,210	
3. Télégraphes	35,000	
4. Port d'Alexandrie	95,350	
5. Postes	113,330	
6. Paquebots-poste Khédiviens	116,350	
7. Phares	90,000	
8. Ports (autres que celui d'Alexandrie)	3,440	
9. Hôtel des Monnaies	5,560	
		1,768,240
IV. Recettes des Services Administratifs—		
1. Recettes diverses—		
Recettes du Ministère de la Justice	318,889	
Rachat du service militaire	70,000	
Autres recettes	67,296	
		456,185
V. Locations et produits des propriétés du Gouvernement		79,227
VI. Recettes du Gouvernement de Souakin		15,440
VII. Retenue sur les traitements du personnel		70,000
		9,950,000
A déduire—		
Non-valeurs		350,000
Total		9,600,000

BUDGET Provisoire des Dépenses pour l'Exercice 1888.

Ministères et Administrations.	Budget pour l'Exercice 1888.	
	£ E.	£ E.
I. Liste Civile, allocations, et Cabinet de Son Altesse—		
1. Liste Civile de Son Altesse le Khédiv	90,000	
2. Allocations à la Famille Khédiviale	208,100	
3. Cabinet de Son Altesse le Khédiv	60,000	
		358,100
II. Frais d'Administration et de Perception—		
1. Conseil des Ministres	5,317	
2. Conseil Législatif	8,000	
3. Ministère des Affaires Étrangères	11,769	
4. Ministère des Finances—	£ E.	
Administration Centrale	98,408	
Service du Conseiller Financier	6,885	
Caisse de la Dette Publique	33,128	
Imprimerie Nationale	*	
	138,421	
5. Ministère de l'Instruction Publique	70,969	
6. Ministère de l'Intérieur—	£ E.	
Administration Centrale	27,218	
Services sanitaires	100,989	
Archives Égyptiennes	4,408	
	132,615	
7. Ministère de la Justice—		
Administration Centrale	12,226	
Contentieux de l'État	22,149	
Tribunaux de la Réforme	138,886	
Tribunaux indigènes	117,369	
Mehkémehs	36,746	
	327,376	
8. Ministère des Travaux Publics	465,382	
9. Cadastre	27,494	
10. Services divers des Ministères—	£ E.	
Rouznaméh (caravane de la Mecque et de Médine	41,730	
Subventions et allocations	17,458	
Approvisionnement des chounabs et magasins	15,200	
Autres services	22,876	
	97,264	
11. Services administratifs et de perception des pro- vinces, Gouvernorats, et Municipalités	326,832	
12. Douanes	85,550	
13. Octrois	50,536	
14. Sel et natron	72,708	
15. Pêcheries	11,598	
16. Perception des droits de navigation	3,391	
		1,835,222
III. Dépenses des Administrations de Recettes—		
1. Chemins de fer	561,000	
2. Chemin de fer de Héliouan et ligne et port du Mex	9,300	
3. Télégraphes	42,000	
4. Port d'Alexandrie	17,000	
5. Postes	99,480	
6. Paquebots-poste Khédivien	104,000	
7. Phares	31,288	
8. Ports (autres que celui d'Alexandrie)	11,561	
9. Hôtel des Monnaies	2,413	
		878,042
IV. Sécurité publique—		
1. Ministère de la Guerre	359,213	
2. Police et Prisons	239,155	
3. Armée d'Occupation	97,500	
		645,868
V. Soudan—		
1. Gouvernorat de Souakin	17,000	
2. Corps disciplinaire	2,588	
		19,588
VI. Pensions		575,000

* Les dépenses de l'Imprimerie Nationale ont été réparties entre les diverses Administrations.
[773] C

Ministères et Administrations.	Budget pour l'Exercice 1888.	
	£ E.	£ E.
VII. Tribut et Dette Publique—		
1. Tribut de l'Égypte	678,397	
2. Dette Consolidée et Non-Consolidée—		
Dette Consolidée	3,577,714	
Intérêts des actions du Canal de Suez	193,858	
Service de la Dette Daïra Khassa ..	34,000	
Annuité de la Moukabala	150,000	
Intérêts sur dette flottante et frais de change	10,211	
Complément du service des Domaines et de la Daïra Sanieh ..	350,000	
	4,315,783	4,994,180
VIII. Dépenses imprévues		10,000
IX. Dépenses rémunératrices (nouveaux impôts) ..		10,000
X. Suppression partielle de la corvée		250,000
		9,576,000
Excédent de recettes		24,000
Total		9,600,000

Le Directeur-Général de la Comptabilité de l'État,
(Signé) EDWIN PALMER.
Le Ministre des Finances,
(Signé) MOHAMED ZEKI.

No. 2.

Sir E. Baring to the Marquis of Salisbury.—(Received January 9.)

(No. 4.)
My Lord,

Cairo, January 2, 1888.

WITH reference to previous correspondence, I have the honour to transmit herewith the text of a Khedivial Decree which appeared in the "Journal Officiel" of the 31st ultimo respecting the recently increased taxation on tobacco grown in the country, as sanctioned by the vote of the General Assembly.

I have, &c.
(Signed) E. BARING.

Inclosure in No. 2.

Extract from the "Journal Officiel" of December 31, 1887.

Décret.

NOUS, Khédive d'Égypte,

Vu les Décrets des 19 Janvier et 19 Décembre, 1880, et du 13 Octobre, 1884,

Considérant que l'imposition spéciale qui frappe actuellement la culture des tabacs en Égypte a été établie sur la base d'un rendement de 116 oques par feddan, et qu'il a été reconnu, à la suite d'une enquête dans les provinces, que cette évaluation est inférieure de plus de moitié au rendement réel moyen;

Considérant que les tabacs étrangers sont frappés d'une taxe à leur entrée en Égypte, et que ce droit a été élevé de 5 à 12½ piastres par oque;

Sur la proposition de notre Ministre des Finances, l'avis conforme de notre Conseil des Ministres et le vote de l'Assemblée Générale;

Dérétons :

Article 1^{er}. A partir de la promulgation du présent Décret, les terres cultivées en tabacs ou tombacs seront grevées, outre l'impôt foncier ordinaire, d'un impôt additionnel de £ E. 30 par feddan.

Art. 2. Toute demande en autorisation de culture de tabac et tombac devra être adressée chaque année aux Nazirs-kisms ou aux Mamours-markas dans les délais indiqués au Tableau annexé au présent Décret. Toutefois, ces délais peuvent être modifiés par notre Conseil des Ministres sur la proposition de notre Ministre des Finances.

Aucune demande ne sera recevable après ces délais; la demande doit être faite sur papier timbré, et mentionner le village et le hod où sont situés les terrains, ainsi que la superficie destinée à cette culture.

L'autorisation ne sera donnée qu'au propriétaire du sol ou au locataire, qui offrira la garantie solidaire du propriétaire.

Les demandes d'autorisation doivent être appuyées d'un certificat signé par le Sarraf et le Cheikh-el-Balad du village où est situé le terrain à cultiver, attestant que ce terrain appartient au demandeur ou au garant, et est inscrit en son nom dans la Moukallafa.

Art. 3. Est considérée comme frauduleuse toute opération de semis ou de repiquage faite après l'expiration du délai supplémentaire de trente jours, dont il est fait mention au Tableau joint au présent Décret.

Art. 4. Le semis et la culture clandestine des tabacs et tombacs sont punis d'une amende à raison de £ E. 100 par feddan, sans préjudice de la destruction et confiscation des plantes ou de la récolte.

Sont punies également d'une amende de £ E. 100 par feddan, les infractions aux Articles 3 et 4 de notre Décret du 13 Octobre, 1884.

S'il est établi que le Cheikh du cultivateur contrevenant a connu l'existence de la culture et ne l'a pas dénoncée, il sera tenu, solidairement responsable avec le contrevenant, du paiement de toutes les amendes infligées; en outre, la dite culture de tabac ou tombac sera interdite pendant une durée de cinq années dans les villages où les contraventions se sont produites.

Les amendes sont prononcées par les Moudirs ou Gouverneurs, sauf recours devant notre Ministre des Finances.

La décision de notre Ministre des Finances ne sera susceptible d'aucune espèce de recours devant aucune juridiction.

Le recouvrement de ces amendes, aussi bien que de l'impôt établi par l'Article 1^{er} du présent Décret, aura lieu par la voie administrative dans les formes établies par les Décrets du 25 Mars, 1880, et du 4 Novembre, 1885.

Art. 5. Les amendes effectivement perçues sont attribuées en totalité aux indicateurs, qu'ils soient ou non employés du Gouvernement, qui auront fait découvrir toute contravention aux règlements de la culture des tabacs et tombacs, sans que le Gouvernement puisse jamais, sous quelque prétexte que ce soit, être tenu au delà des sommes qu'il aura effectivement encaissées de ce chef.

Art. 6. A partir de la promulgation du présent Décret, le droit de P. T. 3 par oque, perçu sur les tabacs et tombacs indigènes à l'entrée des villes sujettes à l'octroi, est et demeure supprimé.

Art. 7. Toutes dispositions contraires au présent Décret sont et demeurent abrogées.

Art. 8. Notre Ministre des Finances est chargé de l'exécution du présent Décret. Fait au Palais d'Abdin, le 13 Rabi-Akher, 1305 (28 Décembre, 1887).

(Signé) MÉHÉMET TEWFIK.

Par le Khédive :

Le Président du Conseil des Ministres,

(Signé) NUBAR.

Le Ministre des Finances,

(Signé) MOHAMED ZEKI.

TABLEAUX des Délais fixés pour le dépôt des Demandes d'Autorisation, la Délivrance des Permis de Culture de Tabac et Tombac, et pour les Opérations de Semis et de Repiquage.

Provinces de la Haute-Égypte.

	Délai fixé pour le dépôt des demandes d'autorisation, la délivrance des permis et pour les opérations des semis et de repiquage.	Délai supplémentaire pour le repiquage en retard.
Moudirich de Guiseh ..	Du 1 ^{er} Hatour (9 Novembre) jusqu'au 30 Amchir (8 Mars)	Du 1 ^{er} Baramhat (9 Mars) au 30 Baramhat (7 Avril)
.. de Bené-Souef ..	Idem	Idem
.. de Minia ..	Idem	Idem
.. de Siout ..	Idem	Idem
.. de Guerga ..	Idem	Idem
.. de Kena ..	Idem	Idem
.. d'Esna ..	Idem	Idem

Provinces de la Basse-Égypte.

	Délai fixé pour le dépôt des demandes d'autorisation, la délivrance des permis et pour les opérations des semis et de repiquage.	Délai Supplémentaire pour le repiquage en retard.
Moudirich de Kalloubieh ..	Du 15 Kinkh (23 Décembre) au 15 Baramoudah (22 Avril)	Du 15 Baramoudah (25 Avril) au 15 Bachans (22 Mai)
.. de Charkieh ..	Idem	Idem
.. de Dakahieh ..	Idem	Idem
.. de Garbich ..	Idem	Idem
.. de Menoufich ..	Idem	Idem
.. de Béhéra ..	Idem	Idem

No. 3.

Sir E. Baring to the Marquis of Salisbury.—(Received January 9.)

(No. 8.)

My Lord,

Cairo, January 2, 1888.

HAVING reason to suppose that some misapprehension existed as to the action taken by the Egyptian authorities in connection with the payment of the paper-money issued by General Gordon when at Khartoum, I asked Sir Edgar Vincent to let me know how the matter stood.

I have now the honour to inclose a copy of a Memorandum prepared by Mr. Palmer and communicated to me by Sir E. Vincent.

Under all the circumstances of the case, I do not see how the Egyptian Government could have acted otherwise than they have done.

I should mention one circumstance in connection with this subject which has come within my personal knowledge, as it shows that the Egyptian authorities are right in regarding the holders of the Gordon paper-money with some suspicion. About a year ago a man named Spiridion Trad called on me with a Syrian merchant who held some of this paper-money. Mr. Trad spoke strongly to me on the injustice of not paying in cash.

I did not hear anything of Mr. Trad until very recently, when, as I have already informed your Lordship in dealing with another question, I learnt that he was about to be tried on a charge of presenting forged bills to the Bank of Egypt and the Anglo-Egyptian Bank.

I have, &c.
(Signed) E. BARING.

Inclosure in No. 3.

Note regarding General Gordon's Paper Money.

THE refusal by the Egyptian Government to honour the paper-money held by various people in Egypt, purporting to be the paper-money issued by General Gordon, has given rise in several quarters to severe criticism which seems scarcely justified.

From such information as it has been possible to obtain, the total amount of paper-money which General Gordon issued appears to have been between £ E. 200,000 or £ E. 250,000. A considerable portion of this money was undoubtedly returned into the Khartoum Treasury soon after it was issued, as orders on the Ministry of Finance were granted in lieu thereof. These orders the Government have paid, and if they were now to honour the paper-money they would be certainly making double payments in many cases. The Government have, moreover, information to the effect that there was in the Khartoum Treasury paper-money which had never been issued. All this naturally fell into the hands of the rebels when Khartoum was taken, as also did all the printing material, which served for the purpose of making the paper-money. The office-stamp and General Gordon's seal, which the paper-money bears, also fell into the hands of the rebels. What, therefore, could be easier than the fabrication of any amount of false paper-money without it being detected. False paper has also undoubtedly been made in Egypt, and it was reported that specimens had been sent to Europe with a view to its being fabricated there. Only 310 notes, their total value being £ E. 7,969, have been presented at the Finance Ministry, but this is because Government refused to receive any after the 31st March, 1886, and because soon after that the Government decided not to pay the paper-money. Not one of the people who presented these 310 notes could satisfactorily account for their possession, and in more cases than one Government have proof that the notes presented had never been issued.

Under these circumstances, would any sane Government not do all in its power to prevent itself being rendered liable to meet the unlimited paper-money that might, and that certainly would, be presented, if the Government once admitted its liability. This is all the Egyptian Government have done; it would be unreasonable to expect it to have done less. It is pretty certain that the non-payment of the paper-money will be an injustice to but a very few people, as there is little doubt that a very small amount would be presented by people really entitled to receive its value.

(Signed) ELWIN PALMER.

January 2, 1888.

No. 4.

Sir E. Baring to the Marquis of Salisbury.—(Received January 16.)

(No. 14.)

My Lord,

Cairo, January 6, 1888.

I HAVE the honour to transmit herewith an extract from the "Journal Officiel" of yesterday, giving the monthly Statement of the Caisse de la Dette Publique for December with reference to the Guaranteed 3 per Cent. Loan and of the Privileged and Unified Debts.

I have, &c.
(Signed) E. BARING.

Inclosure in No. 4.

Extract from the "Journal Officiel" of January 5, 1888.

CAISSE DE LA DETTE PUBLIQUE.

Mois de Décembre 1887.

ÉTAT Mensuel des Sommes versées à la Caisse de la Dette Publique.

Emprunt Garanti 3 pour Cent.					
				£	s.
Échéance du 1 ^{er} Mars, 1888—					
Capital restant à amortir ..	..	..	..	9,191,600	0
Dotation d'intérêts ..	..	..	..	137,874	0
Dotation d'amortissement ..	..	..	..	19,626	0
Total égal à la demi-annuité à prélever le 15 Février, 1888, comme première charge sur les revenus affectés au service de la Dette Privilegiée et de la Dette Unifiée ..	..	..	..	157,500	0

DETTE PRIVILÉGIÉE.

Échéance du 15 Avril, 1888—	£
Capital restant à amortir	22,296,800
Dotation d'intérêts	557,420

Nota.—Le complément des dotations de la Dette Privilégiée est prélevé sur les revenus de la Dette Unifiée.

Désignation des Administrations dont les Revenus sont affectés au service de la Dette Privilégiée.	Sommes versées—		Totaux au 31 Décembre, 1887.
	Du 1 ^{er} au 31 Décembre, 1887.	Du 15 Octobre, au 30 Novembre, 1887.	
	£. E. m.	£. E. m.	£. E. m.
Chemins de Fer, Télégraphes, et Port d'Alexandrie..	92,625 000	151,125 000	243,750 000
		Soit, £ ..	250,000

DETTE UNIFIÉE.

Échéance du 1 ^{er} Mai, 1888—	£	s.
Capital restant à amortir	55,990,260	0
Dotation d'intérêts	1,119,805	4

Désignation des Administrations et Provinces dont les Revenus sont affectés au Service de la Dette Unifiée.	Sommes versées—		Totaux au 31 Décembre, 1887.
	Du 1 ^{er} au 31 Décembre, 1887.	Du 26 Octobre, au 30 Novembre, 1887.	
	£ E. m.	£ E. m.	£ E. m.
Province de Garbich	164,714 966	257,815 996	422,530 962
.. Menoufieh	104,652 889	162,149 659	266,802 548
.. Béhéra	86,636 538	115,948 161	202,604 699
.. Siout	43,964 506	1,589 536	45,554 042
Douanes	72,750 211	43,547 000	116,297 211
Droits sur les tabacs d'importation	30,250 000	28,853 000	59,103 000
	502,989 110	609,903 352	1,112,892 462
		Soit, £ ..	1,141,428

Les Commissaires-Directeurs,
(Signé)

Prince A. C. MOUROUSI.
G. LE CHEVALIER.
G. B. MACHIAVELLI.
A. MONEY.
RICHTHOFEN.

Pour copie conforme :
Pour le Contrôleur,
(Signé) CÉSAR CAPRARA.

Le Caire, le 3 Janvier, 1888.

No. 5.

Sir E. Baring to the Marquis of Salisbury.—(Received January 16.)

(No. 15.)

My Lord,

Cairo, January 8, 1888.

I HAVE the honour to transmit herewith copy of a note by Sir E. Vincent on the financial administration of Egypt since 1884, a translation of which was laid before the General Assembly at its meeting on the 27th ultimo.

I have, &c.
(Signed) E. BARING.

Inclosure in No. 5.

Note on the Financial Administration of Egypt: 1884-88.

THE financial position of the Egyptian Government at the beginning of 1884 was one of great difficulty and embarrassment.

A floating debt of nearly 2,000,000*l.* had been contracted in the course of the two previous years; the limit fixed for borrowings in account current had been approached, and banks were beginning to regard demands for further advances with suspicion. On one occasion the credit of Egypt was considered so insufficient by a leading firm of bankers, that they declined to make even a small advance without obtaining the guarantee of the English Government that they would be repaid out of the proceeds of the projected loan.

In addition to the heavy floating debt above alluded to, the Government had to find the means to pay the indemnities awarded by the International Commission for losses sustained at Alexandria, amounting to 4,100,000*l.*, thus bringing the total amount of floating indebtedness up to 6,000,000*l.* The Budget of 1884 showed a considerable deficit, and this without including in the account the charges connected with the evacuation of the Soudan and the defence of the southern frontier.

These charges constituted the most serious feature in the financial situation. The payments due on account of the floating debt and of the Alexandria indemnities were heavy, but they were of definite amount, and the financial advisers of the Government knew the worst concerning them; but with the Soudan charges it was different; no human foresight could estimate even approximately the amount of the claims which might arise and be enforced against the Government on this account.

The condition of the taxpayer was also unsatisfactory. A debt estimated to amount to 9,000,000*l.* was due by the fellahs to village usurers. Many persons well acquainted with the country urged that the Government must interfere between creditor and debtor, and relieve the latter of some portion of the amount due. It was further urged that the fellahs' right to borrow should be limited by law.

The financial policy of the Government under the circumstances mentioned above was clearly indicated. Whatever the objections to increasing the already heavy funded debt of the country, it was impossible to allow a floating debt of such magnitude to remain unfunded. The indemnities must be paid; and, as no further advances in account current were possible, the only course was to issue a loan.

But the credit of Egypt at that time was so bad that a loan could not be issued on fair terms unless guaranteed by some other Power. After prolonged negotiations a 3 per Cent. Loan of 9,000,000 was issued simultaneously in London, Paris, and Berlin under the guarantee of the Six Great Powers.

It has already been shown that 6,000,000*l.* were required for floating debt and the Alexandria indemnities; to this the Government added 1,000,000*l.* to provide for the Soudan charges; a similar sum was included in the loan for urgent public works which could not be included in the yearly Budget; 550,000*l.* were added for the commutation of pensions, and 500,000*l.* for the working capital of the Government. The amount necessary for the construction of the new Law Courts and Custom-house at Alexandria, and to provide for the deficits of 1884 and 1885, completed the list of charges placed on the loan account. Meanwhile certain assets, such as the free lands of the Government and the proceeds of the sale of old war material, were added to the loan funds.

At the time the loan was issued, certain modifications in the financial legislation of Egypt were agreed to by the Powers. The sinking funds of the Privileged, Domains, Daira, and Unified Debts were suspended and replaced by a new sinking fund calculated on a more moderate and reasonable scale. A temporary tax of 5 per cent. was levied on all the coupons of the funded debt, it being provided that if the Egyptian Government considered it necessary to continue this tax after 1886, an International Commission should be called together to revise the Egyptian Budget.

The general result of the arrangement of 1885, embodied in the Khedivial Decree of the 27th July of that year, was to enable the Government to fund all the floating debt of the country, and to make a fresh start with a certain balance in hand to meet the extraordinary charges which it was foreseen would fall upon it in the immediate future.

The attention of the Government was immediately directed to the importance of resuming payment of the full interest on the debt in 1887. It was clear from the London negotiations of 1884 that the financial authorities of Europe would not

The following Statement shows a remarkable diminution in the number of appointments since 1883. The dates of appointment are grouped so as to distinguish the period from 1880 to 1883 from the subsequent period up to 1886:—

Date of appointment of Civilians in active service in 1886.					Number of appointments in year.	Average per year.
1880	..	..	..	..	701	598
1881	..	..	..	..	707	
1882	..	..	..	..	614	
1883	..	..	..	..	368	
Total					2,390	197
1884	..	..	..	..	227	
1885	..	..	..	..	218	
1886	..	..	..	..	147	
Total					592	

The principal feature of the Statement is the relatively small number of appointments since 1883, that is to say, only one-third of the number in former years.

The pay of some high European officials was reduced; the contracts which previously rendered them independent of the Government they were serving were not renewed on expiry, European servants of the Egyptian Government being placed on the same footing and under the same regulations as their native colleagues.

The expenditure of every Department was placed under the vigilant control of the Finance Committee. All concessions were subjected to severe scrutiny, and that branch of industry, consisting in obtaining rights from the Government with the express object of bringing a lawsuit, which has cost Egypt gigantic sums of money, was suppressed.

It is satisfactory to note that no lawsuit brought against the Government in connection with concessions granted since 1883 has been successful.

On the side of revenue, every effort was made to increase the receipts of the Government, and, at the same time, to improve the economic position of the country. The taxes were collected with regularity and order, and the instalments were so arranged as to suit the convenience of the peasant, and to relieve him from the necessity of appealing to the local usurer.

The exemption from house-tax hitherto enjoyed by Europeans and foreigners was no longer accorded, and foreigners were assimilated to natives in liability to this impost.

Treaties of Commerce were concluded with several foreign Powers, and have been productive of an increase both in international trade and the State revenue. Contraband was vigorously suppressed both on land and sea, to the great advantage of the customs and tobacco revenue.

The customs receipts for the last six years have been:—

	£ E.
1881	760,000
1882	625,000
1883	758,000
1884	799,000
1885	921,000
1886	935,000

The policy of rigid economy and of the strict application of revenue laws was adopted the more willingly by the Egyptian Government since they believed that, after a few years of severe financial control, Egypt would be able to fulfil both her internal and external obligations, and that the Treasury would be left in possession of a surplus sufficient to enable the Government to carry out its scheme of economic development and intellectual progress. I shall show, at the end of this note, that the anticipations then formed will be justified by the result. But at the time they were originally stated we were accused of taking too hopeful a view of the situation, and, during the last three years of commercial and agricultural depression, this criticism did not appear without justification.

Nothing, indeed, could have been more unfavourable than the general economic conditions under which Egypt has been placed. It will be sufficient to glance at the peculiar financial and commercial position of Egypt, and to examine the balance

of trade between this country and Europe, in order to understand the truth of the above proposition.

The total funded debt of Egypt amounts approximately to £ E. 100,000,000 nominal, entailing a yearly charge of £ E. 4,250,000. The tribute paid annually by Egypt to Turkey amounts to £ E. 678,000, making a total of nearly £ E. 5,000,000, which Egypt has to pay every year in gold. A certain portion of the Egyptian Debt is held by residents in Egypt, but the interest on this amount is calculated not to exceed £ E. 250,000. There remains, therefore, £ E. 4,750,000 which this country has annually to provide in order to meet foreign claims. The only means by which the country can procure this gold is by the sale of agricultural produce.

It is clear, therefore, that the price of produce is of the highest importance, both to the Egyptian Government and the Egyptian taxpayer. I shall now show how unfavourable the course of prices during the last four years has been to Egypt.

Of the following Tables the first gives the quantities of cotton, cotton-seed, sugar, beans, wheat, maize, and rice exported. These articles represent more than $\frac{1}{10}$ th of the total Egyptian exports.

The second gives the value of the quantities shown in Table 1.

The third Table gives the average price of the articles exported, showing the percentage of fall in the two last years as compared with 1880 to 1884.

The fourth Table is a hypothetical statement, showing what would have been the value of the quantities of produce exported in 1886 if the prices current in 1880 had been maintained.

I should add that I have dealt with the years 1880, 1881, 1883, and 1884, to the exclusion of 1882, which was an abnormal year, owing to the war, and have contrasted them with the years 1885 and 1886:—

No. 1.—EGYPTIAN EXPORTS.

					Average, 1880-81-83-84.	Quantities exported.	
						1885.	1886.
Cotton	..	..	..	..	2,848,000	3,189,000	3,041,000
Cotton seed	..	..	..	..	2,084,000	2,075,000	2,285,000
Sugar	..	..	..	..	525,000	994,000	851,000
Beans	..	..	..	..	825,000	980,000	612,000
Wheat	..	..	..	..	653,000	185,000	80,000
Maize	..	..	..	..	166,000	50,000	2,000
Rice	..	..	..	..	55,000	52,000	49,000

No. 2.—VALUES.

					Average Value of 1880-81-83-84.	1885.	1886.
					£ E.	£ E.	£ E.
Cotton	..	..	..	..	8,010,000	7,706,000	7,121,000
Cotton seed	..	..	..	..	1,553,000	1,439,000	1,282,000
Sugar	..	..	..	..	451,000	579,000	453,000
Beans	..	..	..	..	728,000	697,000	468,000
Wheat	..	..	..	..	625,000	149,000	79,000
Maize	..	..	..	..	107,000	27,000	2,000
Rice	..	..	..	..	153,000	130,000	109,000
					11,627,000	10,727,000	9,514,000

No. 3.—AVERAGE Prices of the Principal Exports.

					1880-81-83-84.	1885-86.	Fall in per Cent.
					P. T.	P. T.	P. T.
Cotton	..	..	..	..	282	238	16
Cotton seed	..	..	..	..	75	63.5	16
Sugar	..	..	..	..	35	56.5	33
Beans	..	..	..	..	89	74	17
Wheat	..	..	..	..	95	89	6
Maize	..	..	..	..	69	69	Nil.

No. 4.—HYPOTHETICAL Statement showing what would have been the Value of the Exports in 1886 if the Prices current in 1880 had been maintained.

				Value of 1886 Exports at 1880 Prices.	Real Value of 1886 Exports.	Difference.
				£ E.	£ E.	£ E.
Cotton	..	..	..	8,874,000	7,121,000	1,753,000
Cotton seed..	..	..	..	1,763,000	1,282,000	481,000
Sugar	..	..	..	339,000	453,000	386,000
Beans	..	..	..	582,000	468,000	114,000
Wheat	..	..	..	69,000	79,000	10,000
Rice	..	..	..	141,000	109,000	32,000
				12,288,000	9,512,000	2,776,000

The conclusion to be drawn from those figures is, that the reduction in the value of Egyptian exports has been caused entirely by the fall in prices. Some diminution has taken place in the quantity exported of certain articles, but this diminution has been more than counterbalanced under other heads. If the produce exported in 1886 had obtained the same prices as it would have done in 1880, the total value would have been £ E. 12,288,000 against £ E. 11,627,000, which was the average value of the years 1880-84.

The last Table is one of special interest, as it shows that the loss to Egypt by reason of the fall in price since 1880 amounts to no less than £ E. 2,776,000, or more than half the annual charge of the external debt.

The yearly tribute in produce which Egypt has to put aside to satisfy external obligations has been increased since 1880, owing to the fall in prices, by an amount equivalent to the interest at 5½ per cent. on 50,000,000 sterling, which again means that the fall in prices of exports has been equal to an increase of the indebtedness of the population of more than £ E. 17 per head, and the yearly burden by 7s. per head. A certain set-off to this has been caused by the fall in the price of imports, but this fall affects a smaller amount of goods, and has been less severe than in the case of exports. In other words, the fall in the price of produce has been equivalent for Egypt to an increase of 50 per cent. in her already heavy debt charge.

No further proof is required of the exceptional difficulties which have been encountered in administering the finances without having recourse to new taxation. The position was rendered the more critical by the fact that just when the fall in the price of produce rendered the payment of taxes most difficult for the agricultural classes and retarded the development of revenue, the Domains and Daira Administrations required yearly increasing sums to meet their deficits, due in great part to the prevailing low prices. Thus, the aggregate deficit of the two Administrations which, in 1880, amounted to £ E. 105,000, increased as follows:—

	£ E.
1881	288,000
1882	217,000
1883	100,000
1884	368,000
1885	187,000
1886	150,000

The pension charge increased during the same period to an alarming extent, the amounts expended under this head during the last seven years being:—

	£ E.
1880	207,791
1881	273,014
1882	313,488
1883	324,982
1884	400,328
1885	507,592
1886	595,299

In the presence of general conditions so unfavourable to financial prosperity, a timid or narrow-minded Government would perhaps reject as inopportune the idea of developing the cultivable area of Egypt, as it is evident that such development cannot bear fruit in the shape of revenue until several years have elapsed, while the works of irrigation required to render the soil fertile throw immediate charges on the Budget.

It was felt, however, that since a reduction of the external debt charge had been proved impossible, the only means of alleviating the position of the owners of land now taxed was to extend the area, and thus diminish the burden on each individual by distributing the total sum among a larger number. Towards this end £ E. 1,000,000 were added to the Loan of 1885, and works of irrigation, designed both to improve the area already cultivated and to extend it, are in process of rapid execution. A Decree was also issued granting unclaimed or uncultivated land on favourable conditions to all who would undertake to bring it under cultivation. At the same time and with the same object in view the Government resolved to proceed actively with a reform, which was recognized on all sides as of paramount importance to the agricultural classes, *i.e.*, the abolition of the *corvée*. The burden imposed on the Treasury would be heavy, but it was felt that the Government should recoil from no sacrifice in order to encourage the fellah, and to bring home to his mind that his welfare was a primary consideration with his rulers. The large sum of £ E. 250,000 per annum was therefore voted for this purpose, and may be regarded as a permanent charge on the Budget.

The attention of the Government was also turned to the problem of restoring the enormous estates accumulated by Ismail Pasha, and now held by the representatives of European creditors, to the hands of the fellaheen. A sum of £ E. 550,000 was provided in the Loan of 1885 for the commutation of pensions.

But instead of handing pensioners a capital sum of money, we perceived that it would be far more advantageous to utilize this fund in order to enable pensioners to regain a portion of the Domains estate.

During the winter 1886-87 nearly £ E. 450,000 worth of land was purchased from the Domains Commission and distributed among the pensioners, who, in return, surrendered their rights to an annuity from the Government.

The result has been satisfactory, both from an economical and financial point of view.

The majority of pensioners are well content with the transaction, and readily submit to the reduction of immediate income in return for the estate which now belongs to them in full property, and which they will be able to bequeath to their children.

The important reform effected in the currency of the country must not be lost sight of.

A monetary law, which experience has shown to be admirably adapted to the requirements of the country, was published in 1886. Since its promulgation more than £ E. 1,000,000 of foreign silver, belonging to almost every country in Europe, has been exported, the place of this coin being taken by an Egyptian issue.

The frauds previously perpetrated on the fellaheen by unscrupulous money-changers and traders are now no longer possible, and silver and nickel circulate throughout the country as freely as gold, and at the same stable rates.

The Government have recently turned their attention to the question of the supply of materials to the different administrations by contract, and have instituted measures for the strict control and examination of these contracts and of those for the execution of public works. They have, moreover, given orders that the industry and manufactures of Egypt should be taken in preference to those of foreign countries in all cases where this can be done without increasing the cost to the Exchequer.

The result of the various measures taken for the improvement of the revenue was to increase the annual amount at the disposal of the Government from £ E. 9,000,000, which was the average revenue of previous years, to £ E. 9,637,000 in 1885 and £ E. 9,574,000 in 1886. Speaking in round figures, it may be said that the revenue of the country has been increased by £ E. 500,000.

I now propose to state the present position of the Government.

The year 1887 opened with a surplus of £ E. 22,000, which remained over after repaying the 5 per cent. tax levied on the coupons of the Debt in 1885 and 1886, and after meeting all the other charges falling on the Government in those years. In addition to defraying the expenditure of 1885, the Treasury provided from the resources of that year a sum sufficient to pay in full the deficits of the Domains and Daira, of which a considerable portion was not demanded from the Government until 1887.

The financial exercise of 1887 is estimated to show a small surplus during the year; the interest on the loans has been paid in full; £ E. 250,000 has been devoted to the partial abolition of the *corvée*; £ E. 30,000 has been applied to petroleum borings on the Red Sea; £ E. 540,000 has been paid for annual pensions and indemnities, and a sufficient sum provided to meet the deficits of the Domains and Daira.

Meanwhile, a small balance remains unspent on the account of the Guaranteed F

Loan Funds. At the end of the year it is calculated that the balance still available will amount to £ E. 1,200,000, of which £ E. 500,000 must under the terms of the Convention be devoted to public works; £ E. 100,000 to Soudan expenditure; £ E. 500,000 to serve as working capital to the Government; and £ E. 100,000 for the purchase of free lands from the liquidation account, for the commutation of pensions, and for the deficit account of 1884.

The Report of the Committee of Finance on the estimates for 1888 shows that if the various measures of fiscal reform now under consideration, and which lie within the power of the executive Government, are adopted, the deficit for the year will be reduced to £ E. 80,000. The importance of establishing a Budget with an equilibrium between revenue and expenditure, if not with a surplus, is vital to the credit of this country. It is the more important at the present juncture, since the Government proposes in the early part of next year to issue a loan, with the proceeds of which a large portion of Domains estates may be purchased and distributed among the pensioners and agriculturists of this country. If financial critics in Europe perceive that Egypt is not in a sound and prosperous condition, the interest demanded for the loan will be so high as to render its negotiation impossible, and the Government would be compelled to abandon the scheme.

Various proposals have been made for providing the sum required to establish equilibrium.

Many of the Delegates to the London Conference of 1884 were, as before mentioned, in favour of raising the Ouchouri tax to the level of the Kharadji, and of fixing a maximum limit of £ E. 450,000 for the pension charge. The first of these proposals would entail an increased land tax of 6 piastres on every feddan of Ouchouri land, while the second would amount to a reduction of all pensions now inscribed by one-third, and the probable curtailment of future pensions in a similar proportion. The Government believe that both these proposals are opposed to the interests, the feelings, and the traditions of the country; but it is for the Members of the Assembly to decide whether they prefer either of them to the alternative proposed, the increase of the special tax on lands cultivated with tobacco.

The arguments in favour of this tax are of convincing force, and may be briefly stated.

In the first place, tobacco, which is a principal source of revenue in most countries, has been treated with extreme leniency in Egypt. The following Statement shows that even now, after a considerable increase of the duty on imported tobacco, the Egyptian Treasury derives only 3½ per cent. of its total revenue from tobacco, as against 10, 12, and 15 per cent. obtained from this source in other countries, and that the taxation per head is extremely light as compared with what European smokers have to pay on this luxury:—

THE TOBACCO REVENUE OF DIFFERENT COUNTRIES.

Country.	Population.	Total Revenue.	Tobacco Revenue.	Proportion of Tobacco Revenue to Total Revenue.	Tobacco Revenue per Head of Population.
		£	£	Per cent.	P. T.
France	38,000,000	125,000,000	15,200,000	12.16	39
Austria-Hungary	39,000,000	82,000,000	11,500,000	14.02	28.75
Italy	30,000,000	67,000,000	7,440,000	11.11	24.20
England	36,000,000	92,000,000	9,300,000	10.11	25.20
Spain	16,500,000	34,500,000	5,500,000	15.95	32.50
Italy	6,800,000	9,500,000	335,000	3.52	4.80

But even the modest revenue shown above is now menaced; the duty levied on Turkish and foreign tobaccos, which gave 300,000*l.* in 1886, is rapidly diminishing, owing to the increase of the cultivation of native tobacco, and it is feared by competent authorities that unless effective measures are speedily taken the revenue will be reduced to such an extent as to seriously imperil the finances of the country.

The Director-General of Customs estimates that if no increase is made to the taxation of native tobacco there will probably be a further diminution of £ E. 100,000.

The increase in the cultivation of native tobacco is easily explained by the extravagant protection afforded it under the present fiscal régime. While foreign tobacco pays 12½ piastres per oke native tobacco pays only 1 piastre, an inequality

which is opposed to all the rules of political economy. It is true that an additional tax of 3 piastres per oke is imposed on native tobacco at the entry of the towns subject to octroi, but this tax gave only 3,800*l.* in 1886.

As the Egyptian crop was at least 3,500,000 okes, it follows that only a small fraction of the home-grown supply (110,000 okes) paid the octroi duty of 3½ piastres per oke.

An examination of the above-stated facts and figures leads irresistibly to the conviction that the system hitherto followed by the Egyptian Government is unjust, and that it must be modified if we wish to ward off disastrous financial results.

The most rational course to adopt under the circumstances, and the one most in unison with the tenets of political economy, would be to raise the tax on native tobacco to the level of the duty levied on foreign tobacco. This would entail the increase of the special tax per feddan of land cultivated with tobacco to £ E. 40.

The Customs authorities estimate the yield of tobacco land at 500 kilog. per feddan, and therefore consider that this would be an insufficient impost, and that in the interests of the trade it would be desirable to increase the tax to £ E. 50 per feddan.

The Government does not, however, propose to adopt these views in their entirety. The most suitable taxation under existing circumstances has been ascertained to be £ E. 30 per feddan.

The draft law now submitted to the General Assembly establishes this rate, and the Government are convinced that, if it is accepted, it will go far to restore financial equilibrium, and will enable the Government to repurchase from the creditors in the next year a large portion of the Domains estates; the land thus purchased reverting to the possession of the Egyptian people.

The effect of the alteration proposed is estimated at £ E. 100,000 in 1888. In future years it may obtain a far larger sum, some authorities having gone so far as to value the increase of revenue at £ E. 300,000. If this result is realized, the new measure will render reductions of the taxes on land and agriculture possible.

The reasons which induce the Government to regard the financial future with confidence are:

That the desert lands conceded under the Decree of September 1884 are being rapidly brought under cultivation, and will soon produce a considerable revenue. The following Table shows the superficies which will be reclaimed or taxed in the course of the next ten years:—

					Feddans.	Feddans.
1st category—						
To be taxed in 1888	..	..	..	..	363	
" 1889	..	..	..	..	885	
" 1890	..	..	..	..	1,135	2,683
2nd category—						
To be taxed in 1890	..	..	..	..	2,524	
" 1891	..	..	..	..	12,695	
" 1892	..	..	..	..	12,686	
" 1893	..	..	..	..	248	28,153
3rd category—						
To be taxed in 1894	..	..	..	..	10,007	
" 1895	..	..	..	..	55,888	
" 1896	..	..	..	..	85,316	
" 1897	..	..	..	..	33,735	184,946
Total	..	..	..	..	..	215,782

In 1894 the annuity paid for interest on the Suez Canal shares purchase money, i.e., 193,000*l.*, ceases, and there will be an economy of this amount on the Budget.

The number of new pensions inscribed will probably be less than those extinguished through death and other causes.

The prices of cotton and sugar, which are the main articles of export for Egypt, are now from 20 to 30 per cent. higher than at the worst period of 1886. The Tables contained in the body of this Report prove the importance of this fact for Egypt.

The order and regularity which have been introduced into the Administration and the development of agricultural resources are now beginning to make their influence felt on the general prosperity of the country, and will, it is confidently believed, eventually lead to a sure growth in the revenue.

A proof of the easier circumstances of the agricultural classes may be found in the fact, that during 1887 the amount of specie sent from Alexandria to the interior exceeded the amount forwarded in 1886 by 1,000,000*l*.

Another sign of the generally improved situation is the steady rise in the prices of Egyptian stocks on the European exchanges, proving that confidence in the general improvement of the financial position of the country is not confined to the home Government.

The first of the following Tables shows that the average price of Unified, which was 65 in 1885, rose to 71 in 1886 and to 74 in 1887, and that its stability is now equal to that of a first-class stock, while the second Table, giving the rate of interest paid for advances in account current by the Government at different periods, proves how distinct the enhancement of credit has been.

MONTHLY average quotations of Unified Stock.

Months.	Years.			Observations.
	1885.	1886.	1887.	
January	64 $\frac{1}{2}$	64	73 $\frac{3}{4}$	Ex coupon.
February	67 $\frac{1}{2}$	66	70 $\frac{1}{2}$	
March	67 $\frac{1}{2}$	69 $\frac{1}{4}$	73 $\frac{1}{2}$	
April	62 $\frac{1}{2}$	69	75 $\frac{1}{2}$	
May	63 $\frac{3}{4}$	69	74	
June	64 $\frac{1}{2}$	71 $\frac{1}{2}$	74 $\frac{3}{4}$	Ex coupon.
July	65 $\frac{1}{4}$	71 $\frac{1}{2}$	74 $\frac{1}{2}$	
August	65 $\frac{1}{2}$	73 $\frac{1}{2}$	74 $\frac{1}{2}$	
September	65 $\frac{3}{4}$	74 $\frac{1}{2}$	74 $\frac{1}{2}$	
October	64 $\frac{3}{4}$	77	76	
November	63 $\frac{1}{2}$	75 $\frac{1}{2}$	73 $\frac{1}{2}$	
December	64	75 $\frac{1}{4}$	73 $\frac{3}{4}$	

RATE of Interest paid for Advances in Account Current by the Egyptian Treasury.

Years.	Amount.	Rate.	Observations.
		Per cent.	
1876	1,000,000	11 $\frac{1}{2}$	With deposit of securities and interest, calculated on the nominal amount, with 1 per cent. brokerage.
	780,399	12	
	2,000,000	14	
	13,430	15	
	556,000	16	
	100,000	17 $\frac{1}{2}$	
	4,036,440	18	
	270,000	19	
	445,220	20	
	1,401,500	21	
	996,000	22	
	472,500	24	
1880	200,000	25	
	126,000	30	
	1,400,000	5 $\frac{1}{2}$	
	300,000	4 $\frac{1}{2}$	
1883	160,000	5	
	300,000	4 $\frac{1}{2}$	
	250,000	5 $\frac{1}{2}$	
	390,000	6	
1885	60,000	3 $\frac{1}{2}$	
	1,366,000	5	
	100,000	5 $\frac{1}{2}$	
	250,000	3	
1886	69,000	4	
	495,000	5	
	165,000	5	
1887			

The last four years have been occupied to a great extent in liquidating the past and in endeavouring to meet the financial difficulties inherited from a former period.

This task is now well nigh accomplished; the foundations of permanent prosperity have been laid upon a solid basis, and we may look forward with well-grounded hope to an era of prosperity, financial ease, and agricultural development.

No. 6.

The Marquis of Salisbury to Sir E. Baring

(No. 4.)

(Telegraphic.)

Foreign Office, January 16, 1888, 6.40 p.m.

YOUR telegram No. 8 of 12th.

We quite concur in your suggestion as to Alexandria Municipality.

No. 7.

The Marquis of Salisbury to Sir E. Baring.

(No. 12. Ext. 4.)

Foreign Office, January 16, 1888.

Sir,

I HAVE received your telegram No. 8 of the 12th instant relative to the approaching meeting of the Agents and Consuls-General in Egypt with reference to the creation of a Municipality for Alexandria; and I have to state that Her Majesty's Government quite concur in your proposal to suggest that the Egyptian Government should be invited to consider the subject and to state its views.

I am, &c.

(Signed) SALISBURY.

No. 8.

Treasury to Foreign Office.—(Received January 21.)

Sir,

Treasury Chambers, January 21, 1888.

I AM directed by the Lords Commissioners of Her Majesty's Treasury to acknowledge the receipt of your letter of the 12th instant, forwarding a copy of a despatch from Her Majesty's Agent and Consul-General at Cairo, with accompanying note by Mr. Elwin Palmer, relative to the action taken by the Egyptian Government in connection with the payment of the paper money issued by General Gordon at Khartoum, and I am to request that you will inform the Secretary of State that, in the opinion of my Lords, the circumstances mentioned in the note seem to show that the action taken by the Egyptian Government in the matter was justified.

I am, &c.

(Signed) R. E. WELBY.

No. 9.

Sir E. Baring to the Marquis of Salisbury.—(Received January 23.)

(No. 28.)

My Lord,

Cairo, January 15, 1888.

I HAVE the honour to inclose herewith copy of a Budget, showing the expenditure proposed for 1888 to be made out of the sum of one million pounds allowed by the London Convention for irrigation works.

Copy of a Khedivial Decree approving this proposed expenditure, which amounts to £ E. 382,300, is also enclosed.

I have, &c.

(Signed) E. BARING.

Inclosure in No. 9.

Extract from the "Journal Officiel" of January 14, 1888.

Décrets.

NOUS, Khédive d'Égypte,

Vu l'Article IX de notre Décret du 27 Juillet, 1885, qui affecte un million de livres Égyptiennes aux travaux d'irrigation;

Sur la proposition de notre Ministre des Travaux Publics et l'avis conforme de notre Conseil des Ministres;

Décrétons:

Article 1^{er}. Est approuvé le Budget des dépenses à effectuer en 1888 sur le crédit extraordinaire de un million de livres et s'élevant à 382,300 livres Égyptiennes suivant le tableau ci-annexé.

Art. 2. Nos Ministres des Finances et des Travaux Publics sont chargés, chacun en ce qui le concerne, de l'exécution du présent Décret.

Fait au Palais d'Abdin, le 25 Rabi-Akher 1305 (9 Janvier, 1888).

(Signé) **MÉHÉMET TEWFIK.**

Par le Khédive :

Le Président du Conseil des Ministres,

(Signé) **NUBAR.**

Le Ministre des Finances,

(Signé) **MOHAMED ZÉKI.**

Le Ministre des Travaux Publics,

(Signé) **A. ROUCHDY.**

Budget pour l'Exercice, 1888.

MINISTÈRE DES TRAVAUX PUBLICS.

CRÉDIT ouvert en 1888 sur le Million affecté aux Irrigations.

Nombre.			Budget pour l'Exercice 1888.		Budget pour l'Exercice 1887.	
1887.	1888.		L. E.	L. E.	L. E.	L. E.
ARTICLE 1.—Personnel.						
1	1	Directeur-Général	1,500		1,500	
4	5	Directeurs des Travaux (à L. E. 700 en moyenne) ..	3,700		3,400	
6	7	Ingénieurs Adjoints (à L. E. 400 en moyenne) ..	2,800		1,800	
4	10	" " (à L. E. 256 ..) ..	2,560		800	
10	8	" " (à L. E. 150 ..) ..	1,200		1,200	
5	8	Interprètes et Écrivains (à L. E. 130 en moyenne)	1,040		750	
30	39	Réserve	..	12,800	2,850	12,300
ARTICLE 2.—Dépenses Diverses.						
		Frais de transport et de déplacement	2,000		1,000	
		Menus frais	1,500		500	
				3,500		1,500
ARTICLE 3.—Travaux Neufs.						
1		Réservoir de Damiette	..		2,000	
2		Barrage de Damiette	80,000		..	
3		Écluse de Mansourah	1,000		7,000	
4		Pont-écluse de Mit Ghamr	8,000		10,000	
5		" " Karangil	9,000		12,000	
6		Canal Tewfikieh	100,000		150,000	
7		Pont-tournant de Mansourah	1,000		5,000	
8		Barrage de Rosette	20,000		50,000	
9		Écluse de Rayah Menoufieh	1,000		5,000	
10		" " Santah	6,000		15,000	
11		" " Bagarieh	5,000		15,000	
12		" " Choubrabas	10,000		15,000	
13		" " Kodaba	19,000		20,000	
14		Pont-tournant Dalgamoun	3,000		10,000	
15		" " Santah	4,000		5,000	
16		Canal de Rosette	..		10,000	
17		" " Sahel Markas	..		15,000	
18		" " Gharrag Fayoum	10,000		..	
19		Siphon, 7 kilom. Canal Mahm.	5,000		3,000	
20		Écluse de Kafr-Dawar	10,000		10,000	
21		" " Damanhour	..		10,000	
22		Siphon de Faehn	..		15,000	
23		Travaux divers	8,000		62,000	
				360,000		446,000
ARTICLE 4.—Matériel.						
		Outillages divers	6,000		10,500	
				6,000		10,500
		Total	..	382,300	..	470,300

No. 10.

Sir E. Baring to the Marquis of Salisbury.—(Received January 23.)

(No. 30.)

My Lord,

Cairo, January 15, 1888.

I HAVE the honour to report that, in compliance with the instructions contained in your Lordship's despatch No. 347 of the 5th ultimo, I addressed a communication to the Egyptian Government informing them of the conditions on which Her Majesty's Government were prepared to waive their claim for payment of the sum of 38,000*l.*, representing the amount deducted in 1885 and 1886 from the interest on the Suez Canal Shares belonging to them.

I have now the honour to transmit herewith copy of a note which I have received in reply from Nubar Pasha, stating that the Egyptian Government are willing to accept the arrangement on the conditions named.

I have, &c.
(Signed) **E. BARING.**

Inclosure in No. 10.

Nubar Pasha to Sir E. Baring.

Le Caire, le 14 Janvier, 1888.

M. le Ministre,

JE n'ai pas manqué de faire soumettre à l'examen du Conseil des Ministres, par les soins de mon collègue des Finances, la proposition du Gouvernement de Sa Majesté contenue dans la dépêche que vous avez bien voulu m'adresser, le 15 du mois dernier, relative à l'abandon de sa réclamation pour la somme de £ E. 38,770, retenue en 1885 et 1886 sur les intérêts des actions du Canal de Suez, sous la condition de recevoir l'assurance qu'aucune demande en remboursement ne lui serait adressée, à l'avenir, pour des dépenses ayant trait à l'expédition envoyée au secours du Général Gordon, et j'ai aujourd'hui l'honneur de vous faire part de la décision prise à ce sujet.

Bien que ce règlement ne puisse être considéré comme favorable au Trésor Égyptien, dont les diverses réclamations encore pendantes s'élèvent à la somme de £ E. 68,000, le Gouvernement de Son Altesse a décidé d'accepter l'offre qui lui est faite, prenant en considération, surtout, les sommes que le Gouvernement de Sa Majesté lui a déjà remboursées et l'abandon qu'il fait de celle de £ E. 195,000 montant de la taxe de capitation de 1886, somme que l'on pourrait, d'ailleurs, estimer comme réglant toutes réclamations encore en suspens.

Je crois devoir ajouter, M. le Ministre, que, dans la pensée du Gouvernement de Son Altesse, il doit expressément résulter de cette acceptation qu'aucune réclamation ultérieure ne sera fait de part et d'autre, et que tous comptes entre les deux Gouvernements doivent être considérés comme définitivement clos, sauf la question des droits de douane dus sur les articles importés après le 17 Janvier, 1884, dont la solution sera réservée.

En vous priant de vouloir bien porter cette communication à la connaissance de Sa Seigneurie Lord Salisbury, je saisis, &c.

(Signé) **NUBAR.**

No. 11.

Sir E. Baring to the Marquis of Salisbury.—(Received January 26, 6:35 P.M.)

(No. 22. Confidential.)

Cairo, January 26, 1888, 3:30 P.M.

(Telegraphic.)
THE Khedive is writing by to-day's mail to the Grand Vizier at Constantinople asking for the authority of the Sultan to borrow up to a maximum of 7,000,000*l.*

The Khedivial Agent at Constantinople will have instructions not to deliver the letter until he receives orders by telegraph to do so. We think here that the main difficulty which now stands in the way of settling the ex-Khedive's claims and other connected matters is obligation to obtain Sultan's Firman before money can be borrowed. We should like to attack this question at once, whilst Marriott, who leaves for Constantinople to-day, is there, and can bring his personal influence to bear on the ex-Khedive, and so perhaps influence the Sultan.

As regards the amount, about 1,500,000*l.* will be required for Khedivial family. Some other members besides those included in Marriott's arrangement will now probably come in. Some 600,000*l.* is required to make good the amount of Guaranteed Loan, owing to all the lands which formed part of the assets of the loan not having yet been sold. There is some idea of spending 500,000*l.* on drainage, which is much required, and would be productive. About 1,000,000*l.* is wanted for the further commutation of pensions. The balance may be wanted for a further operation tending to get the Domains lands back into the hands of the cultivators, the details of which I cannot explain by telegraph. I see no harm, but rather good, in taking powers to borrow a large sum. I understand that this is also the view of the Commissioners of the Debt. But of course only so much stock as is actually required would be issued at once, and every guarantee would be given that the money is only devoted to certain specified and approved objects.

I have fully convinced myself that the financial operation is quite sound, and I strongly recommend that no objection be made to the Khedive applying to the Sultan as proposed. I would suggest that Sir W. White be instructed to support the proposal if necessary, although for the moment I am inclined to think active diplomatic interference on our part is undesirable.

Please send very early answer. We are anxious, if possible, to get Sultan's assent before possible political influences of a hostile character are brought to bear on him.

No. 12.

Sir E. Baring to the Marquis of Salisbury.—(Received by telegraph, January 26.)

(No. 46. Confidential. Ext. 22.)

My Lord,

Cairo, January 26, 1888.

I HAVE had this morning the honour to report to your Lordship, by telegraph, that the Khedive is writing by to-day's mail to the Grand Vizier at Constantinople asking for the authority of the Sultan to borrow money up to a maximum of 7,000,000*l.* The Khedivial Agent at Constantinople will, I understand, have instructions not to deliver His Highness' letter until he receives telegraphic instructions to do so.

It is the opinion here that the main difficulty which now stands in the way of settling the ex-Khedivial claims and other connected matters is the obligation to obtain the Sultan's Firman before money can be borrowed. Both Sir E. Vincent and myself should like to attack this question at once whilst Mr. Marriott, who leaves for Constantinople to-day, is there and can bring his personal influence to bear on Ismail Pasha, and so perhaps influence the Sultan.

As regards the amount to be borrowed, about 1,500,000 will, I think, be required for the Khedivial family. Some other members besides those included in Mr. Marriott's arrangement will now probably come in. Some 600,000*l.* is required to make good the amount of the Guaranteed Loan, owing to all the lands which formed part of the assets of the loan not having yet been sold. There is also some idea of spending 500,000*l.* on drainage, which is much required. The expenditure would be productive.

About 1,000,000*l.* is wanted for the further commutation of pensions. The balance may be wanted for a further operation tending to get the Domains lands back into the hands of cultivators, the details of which I must leave for further explanation.

I see no harm, but rather good, in taking powers to borrow a large sum. I understand that this is also the view of the Commissioners of the Public Debt. Of course, only so much stock as is actually required would be issued at once, and every guarantee would be given that the money is only devoted to certain specified and approved objects.

I have fully convinced myself that the financial operation is quite sound, and I strongly recommend that no objection be made to the Khedive applying to the Sultan as proposed. I would venture to suggest that Her Majesty's Ambassador at Constantinople be instructed to support the proposal if necessary, although for the moment I am inclined to think that active diplomatic interference on our part is undesirable.

I should be glad if your Lordship would favour me with a very early answer.

We are anxious, if possible, to obtain the Sultan's assent before any political influences of a hostile character are brought to bear upon him.

I have, &c.
(Signed) E. BARING.

No. 13.

Memorandum communicated by Count Károlyi, January 27, 1888.

IN November last the Khedivial Government addressed a Circular note to the foreign Representatives in Egypt with reference to the condition of Egyptian finances, pointing out the urgent necessity of shortly reassuming and terminating the negotiations about the establishment of a stamp and licence duty, to which foreigners living in that country would also be liable, and in the same time proposing that the Powers should delegate to these negotiations their Representatives in the International Commission of Control of the Public Debt.

Count Kálnoky has generally no objection to the proposal, provided of course that all the Powers agree to it, that the examination of the drafts of both those tax laws should be intrusted to the Commission of the Public Debt. The final decision on the result of their examining ought, however, to remain reserved to the Governments.

For the present the Austro-Hungarian Government are particularly desirous to be acquainted with the course the British Government intend adopting in the matter.

Belgrave Square, January 27, 1888.

No. 14.

Sir E. Baring to the Marquis of Salisbury.—(Received January 30.)

(No. 34.)

My Lord,

Cairo, January 20, 1888.

I HAVE the honour to inclose a copy of a letter and draft Decree addressed by the Egyptian Government to the Commissioners of the Public Debt.

The object of this Decree is to constitute a reserve fund of 2,000,000*l.* to meet any unforeseen circumstances which may in future years affect the Budget unfavourably.

It is proposed to attain this object, first, by suspending all the sinking funds except that of the Guaranteed Debt; secondly, by placing 400,000*l.* of last year's surplus in the hands of the Commissioners as a first instalment towards the creation of the Reserve Fund.

The surplus is mainly due to two causes, each of which are of a temporary character.

The first cause is that the salaries for December 1887 were not paid till the commencement of January 1888, thus increasing the surplus of 1887 by about 200,000*l.*

The second is that for the future only the sums actually paid during the year on account of the Daira and Domains deficits will be brought to account during the year. The result of this change of system will be to increase the surplus of the year 1887 by about 140,000*l.*

The Decree cannot, of course, be brought into operation without the consent of the Powers, but in all probability their consent may be obtained if the Commissioners of the Debt express themselves in favour of the project.

It appears to me that the scheme is one which deserves the support of Her Majesty's Government.

I have, &c.
(Signed) E. BARING.

Inclosure 1 in No. 14.

Nubar Pasha to the Commissioners of the Public Debt.

Messieurs,

Le Caire, le 19 Janvier, 1888.

POUR pouvoir parer aux diminutions de revenus ou aux charges extraordinaires qui à la suite d'événements imprévus peuvent déranger l'équilibre de son Budget, le

Gouvernement Égyptien, qui se trouve d'ailleurs chaque année dans l'impossibilité de prévoir avec quelque certitude les déficits essentiellement variables des Domaines et de la Daïra Sanieh, a résolu de constituer un fonds permanent de réserve, destiné à parer à toutes les éventualités, et, à cet effet, il a préparé le projet de Décret que j'ai l'honneur de vous communiquer ci-joint en vous priant, Messieurs, en raison de l'importance qui s'y attache, de vouloir bien en faire l'objet de vos plus prochaines délibérations.

Le règlement approximatif du compte de l'exercice 1887 fait ressortir un excédant d'environ £ E. 460,000, dont une grande partie a pour origine deux simples mesures d'ordre prises au cours de l'exercice.

En premier lieu on a dû, pour rentrer dans la bonne règle, reporter jusqu'après chaque échéance mensuelle, c'est-à-dire jusqu'au commencement du mois suivant le paiement de la Liste Civile, des allocations aux Princes, des traitements, des soldes et des pensions, qui était précédemment effectué avant la clôture du mois, et par ce fait les dépenses de l'espèce applicables au mois de Décembre 1887, soit environ £ E. 200,000, n'ont été opérées qu'en Janvier 1888. Cette mesure a augmenté nécessairement l'excédant de l'exercice expiré.

En second lieu on a renoncé au procédé irrégulier, qui consistait à laisser figurer dans les dépenses de l'exercice courant le montant intégral des déficits prévus par les Domaines et la Daïra Sanieh, alors qu'une importante partie des paiements n'était réellement effectuée que dans le courant de l'année suivante, et de ce chef les dépenses de 1887 ont été encore atténuées de £ E. 140,000.

Il semble difficile de s'arrêter à l'idée que ces excédants, qui ne paraissent en définitive ne provenir que de modifications introduites dans les écritures de comptabilité, puissent être en partie affectés à l'amortissement et en partie reversés au Trésor; et je suis quant à moi convaincu que, disposés comme vous l'êtes toujours à aider à l'affermissement de notre crédit, vous vous montrerez non seulement favorables au projet qui vous est soumis, mais que vous ne verrez non plus aucun obstacle, une fois l'adhésion des Puissances acquise au Décret, à ce que la somme de £ E. 400,000, qui se trouve en fait disponible, fournisse immédiatement au fonds de réserve une première et importante ressource, qui permettra au surplus de reprendre beaucoup plus tôt le service de l'amortissement.

Permettez-moi d'insister encore en finissant sur l'influence décisive que la création d'un fonds de réserve exercera sur le relèvement financier du pays, et de vous demander, au nom du Gouvernement, de chaudement conclure à l'adoption d'une mesure, dont l'exécution serait du reste placée sous votre surveillance, et qui, au point de vue des intérêts que vous représentez, peut, par ce motif, être envisagée avec une entière confiance.

Veuillez, &c.
(Signé) NUBAR.

Inclosure 2 in No. 14.

Draft Decree.

NOUS, Khédive d'Égypte:

Considérant que, la somme de £ E. 5,237,000 établie pour les dépenses administratives par l'Article 18 de notre Décret du 27 Juillet, 1885, ayant été fixée en prenant pour base les dépenses d'une année normale, des circonstances extraordinaires ou de force majeure peuvent, cependant, nécessiter des dépenses exceptionnelles et imprévues;

Considérant d'autre part que des éventualités imprévues peuvent entraîner une diminution dans les recettes, qu'il importe, dans l'intérêt de l'équilibre budgétaire et du service de la Dette, de constituer un fonds de réserve destiné à faire face à ces dépenses exceptionnelles et à ces diminutions de recettes;

Decrétons:

Article 1. Sont abrogées les dispositions de notre Décret du 27 Juillet, 1885, relatives à l'amortissement de la dette Égyptienne, sauf en ce qui concerne l'amortissement de l'emprunt garanti prévu par l'Article 5 de ce Décret.

Est également abrogée la disposition relative à l'annulation éventuelle des titres des Dettes Privilégiée et Unifiée visée au deuxième paragraphe de l'Article 24 du même Décret.

Art. 2. Les excédants visés au troisième paragraphe de l'Article 21, ainsi que le surplus de l'actif de la liquidation spécifiée à l'Article 24, seront, à l'exception des

sommes dont l'affectation est prévue aux Articles 5 et 10 de notre Décret précité, employés, jusqu'à concurrence de £ E. 2,000,000, à la constitution d'un fonds de réserve.

Art. 3. L'amortissement des Dettes sera repris dans les conditions énoncées à l'Article 22 de notre Décret du 27 Juillet, 1885, dès que le fonds de réserve aura été constitué; mais il se trouvera suspendu de plein droit toutes les fois que le fonds de réserve aura été employé en tout ou en partie et jusqu'à sa complète restitution au capital de £ E. 2,000,000.

Art. 4. Les titres de la Dette Privilégiée et Unifiée constituant le surplus de l'actif de la Liquidation, mentionné à l'Article 2 du présent Décret, resteront déposés à la Caisse de la Dette Publique.

Les sommes mises en réserve seront déposées à la Caisse de la Dette Publique pour être employées en achat de titres de la Dette Égyptienne.

La vente de ces titres par la Commission de la Dette Publique, pour parfaire les sommes nécessaires au service de la Dette, ainsi que le versement à notre Ministre des Finances des fonds provenant de la dite vente, soit pour combler le déficit des revenus, soit pour faire face à des dépenses extraordinaires avec l'avis conforme de la Caisse de la Dette, pourront avoir lieu avant ou après la constitution définitive du fonds de réserve de £ E. 2,000,000.

Le montant des coupons des titres déposés à la Caisse de la Dette Publique sera versé au fonds de réserve dans le cas où le capital de ce dernier n'existerait pas dans son intégralité. Dans le cas contraire leur montant sera employé à l'amortissement.

No. 15.

The Marquis of Salisbury to Sir E. Baring.

(No. 13.)

(Telegraphic.)

YOUR telegram No. 22.

Foreign Office, January 31, 1888, 2:20 P.M.

Her Majesty's Government are very doubtful as to the expediency of asking for so large a sum as 7,000,000*l.*; they understand this to be a maximum, not necessarily to be used, but the effect of any large addition to the debt of Egypt beyond the amount of the Domains Loan, which would be simultaneously cancelled, seems questionable from the general point of view of Egyptian credit. Her Majesty's Government are reluctant to interfere with the discretion of the Egyptian Government, which has been making great efforts to place the finances on a sounder footing; but when the operation of issuing a fresh loan commences Her Majesty's Government are sure to be asked to give it their countenance.

They could not, as at present advised, themselves countenance borrowing for any other purpose than pensions commutation and the amount temporarily necessary till the land belonging to the Guaranteed Loan shall have been sold.

No. 16.

The Marquis of Salisbury to Sir E. Baring.

(No. 28. Ext. 13.)

Sir,

Foreign Office, January 31, 1888.

I HAVE been in communication with the Lords Commissioners of Her Majesty's Treasury on the subject of your telegram No. 22 of the 26th instant, relative to the proposal of the Egyptian Government to apply to the Sultan for authority to borrow up to 7,000,000*l.* in connection with the settlement of the claims of the ex-Khedive and his family, the further commutation of pensions, and other matters. I have to state that great doubt is entertained by Her Majesty's Government as to the expediency of asking for so large a sum as that named. They understand this to be a maximum, and that the whole of the 7,000,000*l.* would not necessarily be issued at the present time; but to make any large addition to the Debt of Egypt beyond the amount of the Domains Loan, which would be simultaneously cancelled, appears to them to be questionable from the general point of view of Egyptian credit. Her Majesty's Government are reluctant to interfere in regard to any measures which the Egyptian Government may think it advisable to take, especially in view of the great efforts which have lately been made to place the finances of the country on a sounder footing; but it must be borne in mind that whenever the operations for issuing a fresh loan

commence an application will assuredly be addressed to Her Majesty's Government to give those operations their countenance.

As at present advised, Her Majesty's Government would be unable to give their assistance to the Government of the Khedive in borrowing for any other purpose than the further commutation of pensions and the amount temporarily necessary until the lands which form one of the assets of the Guaranteed Loan shall have been sold.

I am, &c.
(Signed) SALISBURY.

No. 17.

Sir E. Baring to the Marquis of Salisbury.—(Received February 1, 3.20 P.M.)

(No. 31.)
(Telegraphic.)

Cairo, February 1, 1888, 2.35 P.M.

YOUR Lordship's telegram No. 13 of yesterday.

I wish to explain that except the 500,000*l.* for drainage, and the 600,000*l.* required to make good the amount of the Guaranteed Loan, no money would be borrowed without cancelling proportionate amounts of Domains stock.

Both Sir E. Vincent and I, on whom real responsibility rests, are of opinion that it is wise to take advantage of the favourable attitude of the Commissioners of the Debt to obtain powers to borrow a larger sum than that immediately required. Also we think amount will have little influence on the attitude of the Sultan. Thus, in the not improbable event of further sums being eventually required, we should not again have to go through the trouble of international negotiations. We propose, in fact, merely to use figure of 7,000,000*l.* for purposes of negotiation with the Sultan.

But the actual amount issued, which would alone exercise any material effect on Egyptian credit, would have to be settled after further and more detailed communication with Her Majesty's Government. But, whatever may be our opinions, it is certain that the whole operation will be difficult, with the support of Her Majesty's Government, and quite impossible without it. Therefore, if Her Majesty's Government do not agree in the above argument, we would substitute a proposal to take power to borrow 4,500,000*l.* instead of 7,000,000*l.* This is 1,700,000*l.* for Khedivial allowances (the former figure of 1,500,000*l.* will be barely sufficient if all the other members of Ismail group agree to take lands in exchange for their allowances), 600,000*l.* for Guaranteed Loan, and the balance for commutation of pensions. It is impossible to say what sum will be required under the latter head, as it depends on the number of pensioners who accept; but it will be well to take such powers as will provide for a margin, so that we shall not, as last year, be stopped in carrying out this excellent financial operation. We look to the active assistance and support of Her Majesty's Government to assist in negotiating this loan, and we shall be greatly disappointed if this is not accorded to us.

Pray send an immediate answer. Marriott is already at Constantinople, and it is desirable to address the Porte at once. The best chance of getting the business through is to act quickly and decisively.

No. 18.

Sir E. Baring to the Marquis of Salisbury.—(Received by telegraph, February 1.)

(No. 52. Confidential. Ext. 31.)

My Lord,

Cairo, February 1, 1888.

WITH reference to my despatch No. 46 of the 26th ultimo, and to your Lordship's telegram of yesterday, I wish to explain that, except the 500,000*l.* for drainage and the 600,000*l.* required to make good the amount of the Guaranteed Loan, no money would be borrowed without cancelling proportionate amounts of Domains stock.

Both Sir E. Vincent and I, on whom the real responsibility rests, are of opinion that it is wise to take advantage of the favourable attitude of the Commissioners of the Public Debt to obtain powers to borrow a larger sum than that immediately required. We also think that the amount will have little influence on the attitude of the Sultan. Thus, in the not improbable event of further sums being eventually

required, we should not again have to go through the trouble of international negotiations. We propose, in fact, merely to use the figure of 7,000,000*l.* for purposes of negotiation with the Sultan.

But the actual amount issued, which would alone exercise any material effect on Egyptian credit, would have to be settled after further and more detailed communication with Her Majesty's Government.

Whatever may be our opinion, it is, however, certain that the whole operation will be difficult with the support of Her Majesty's Government and quite impossible without it. If, therefore, Her Majesty's Government does not agree in the above argument, we would substitute a proposal to take powers to borrow 4,500,000*l.* instead of 7,000,000*l.* This is 1,750,000*l.* for Khedivial allowances (the former figure of 1,500,000*l.* will be barely sufficient if all the other members of the Ismail group agree to take lands in exchange for their allowances), 600,000*l.* for Guaranteed Loan, and the balance for commutation of pensions. It is, of course, impossible to say what sum will be required under the latter head, as it depends on the number of pensioners who accept, but it will be well to take such powers as will provide a margin, so that the Egyptian Government shall not, as last year, be stopped in carrying out this excellent financial operation.

Sir E. Vincent and I look to the active assistance and support of Her Majesty's Government to help us in negotiating this loan, and we shall be greatly disappointed if it is not accorded to us.

In telegraphing the above explanations to your Lordship this day, I ventured to ask for an immediate answer. Mr. Marriott is already at Constantinople, and it is essential to address the Sublime Porte at once on the subject. The best chance of bringing the negotiations to a successful issue is to act quickly and decisively.

I have, &c.
(Signed) E. BARING.

No. 19.

Foreign Office to Treasury.

Sir,

Foreign Office, February 1, 1888.

I AM directed by the Marquis of Salisbury to transmit to you, to be laid before the Lords Commissioners of Her Majesty's Treasury, a copy of a despatch from Her Majesty's Agent and Consul-General at Cairo, relative to the proposed creation of a Reserve Fund of 2,000,000*l.* to meet any unforeseen calls upon the Egyptian Treasury.

For this purpose it is intended to suspend the operation of those provisions of the Decree of the 27th July, 1885, which relate to the sinking funds of the Egyptian Debt, with the exception of that of the Guaranteed Loan.

The amounts which would have been applied to the Sinking Fund thus suspended are to accumulate until the Reserve Fund has reached the desired figure, when the arrangements as to Sinking Fund are again to come into force, but would again be suspended in the event of any call being made on the Reserve Fund, until that fund had been raised again to 2,000,000*l.*

A sum of 400,000*l.*, now in the hands of the Commissioners of the Public Debt, as surplus for the last year, is to be applied at once to the formation of this fund. It is explained that this surplus is principally due to an alteration in the date of payment of salaries, and in the method of charging in the accounts the deficits for the Daira and Domains Estates.

The Reserve Fund is to be deposited in the hands of the Commissioners of the Public Debt, and to be invested in bonds of the Egyptian Debt, the interest of which will, under ordinary circumstances, be applied to Sinking Fund, and the application of any portion of the Reserve to extraordinary expenses will require the consent of the Commissioners.

I am to request that Lord Salisbury may be favoured with the opinion of the Lords Commissioners of Her Majesty's Treasury upon this proposal, which is considered by Sir E. Baring to deserve the support of Her Majesty's Government, and which appears calculated to give greater stability to the finances of Egypt, provided proper care is taken that recourse shall not be had to the Reserve Fund without sufficient reason.

I am, &c.
(Signed) JULIAN PAUNCEFOTE.

No. 20.

Sir W. White to the Marquis of Salisbury.—(Received February 2, 1.45 P.M.)

(No. 7. Secret.)

(Telegraphic.)

Constantinople, February 2, 1888, noon.

MR. MARRIOTT arrived from Cairo on his way home.

I learn from him that Egyptian Government proposes raising a new loan, and that the Khedive will ask Sultan's consent to this.

I may be wrong, but I expect that difficulties will be raised here, and I should not advise our making any representations whatever at this moment, when Russia and France are working against us at the Palace.

No. 21.

Sir E. Baring to the Marquis of Salisbury.—(Received February 4, 1 P.M.)

(No. 36. Secret.)

(Telegraphic.)

Cairo, February 4, 1888, 11 A.M.

YOUR telegram No. 15 of yesterday.

The Sultan is, I conceive, sure to raise difficulties, and there are some obvious objections to our diplomatic interference. It is on this account that I am so desirous that Her Majesty's Government should permit the Khedive to address the Sultan at once, so that we may at all events try what can be done by the influence of Marriott and Ismail Pasha at Constantinople without our help.

If, as is very probable, that fails, we must consider what is to be done, but I think it will be a matter for great regret if the whole loan arrangement, which is greatly in our interests so far as Egyptian affairs are concerned, is allowed to fall through owing to the necessity of obtaining the Sultan's consent.

No. 22.

*Memorandum for Count Károlyi.**

HER Majesty's Government have already intimated their acceptance of the proposal mentioned in Count Károlyi's Memorandum of the 27th ultimo, that the Commissioners of the Public Debt should be empowered to discuss with the Egyptian Government the draft laws for instituting a stamp duty, and a professional tax for Europeans in Egypt.

The taxes in question were accepted in principle by the Powers by Article 2 of the Financial Declaration of the 17th March, 1885, that is to say, nearly three years ago, and it is of importance to the Egyptian Government that they should be put into force without more delay than is requisite to insure that the laws for the purpose are equitably framed. In the opinion of Her Majesty's Government, the Commissioners of the Debt can be safely trusted to watch over the interests of the European community in this respect. Her Majesty's Government are therefore inclined to deprecate the proposal of the Austro-Hungarian Government to insist upon a subsequent reference to the Governments as likely to cause a fresh series of delays. They think that such a reference would only be necessary in case an irreconcilable difference of opinion should arise between the Commissioners and the Government of Egypt.

(Signed) SALISBURY.

Foreign Office, February 4, 1888.

No. 23.

The Marquis of Salisbury to Sir A. Paget.

(No. 8.)

Sir,

Foreign Office, February 4, 1888.

THE Austro-Hungarian Ambassador spoke to me on the 27th ultimo on the subject of the proposal made by the Egyptian Government, that the Commissioners of

* Also to Baron Plessen, *mutatis mutandis*.

the Public Debt should be empowered to settle with them the measures for the introduction of the stamp duty and professional tax for Europeans.

The proposal in question was made in a Circular from Nubar Pasha of the 7th November last, of which a copy was forwarded in Sir E. Baring's despatch No. 515 of the following day.

Count Károlyi informed me that the Austro-Hungarian Government saw no objection to the proposal, provided that all the Powers agreed to it. They thought, however, that the result of the discussion should be submitted to the several Governments for their final approval.

His Excellency asked to be informed of the views of Her Majesty's Government on the matter.

I have stated that Her Majesty's Government have already intimated their acceptance of the proposed reference to the Commissioners of the Caisse. The taxes in question have been accepted in principle by the Powers by Article 2 of the Financial Declaration of the 17th March, 1885, that is to say, nearly three years ago; and it is of importance to the Egyptian Government that they should be put into force without more delay than is requisite to insure that the laws for this purpose are equitably framed.

In our opinion, the Commissioners of the Debt can be safely trusted to watch over the interests of the European community in this respect.

I have therefore deprecated the proposal of the Austro-Hungarian Government, to insist upon a subsequent reference to the Governments as likely to cause a fresh series of delays, and have suggested that such a reference would only be necessary in case an irremediable difference of opinion should arise between the Commissioners and the Government of Egypt.

I am, &c.
(Signed) SALISBURY.

No. 24.

The Marquis of Salisbury to Sir E. Baring.

(No. 16. Secret.)

(Telegraphic.)

Foreign Office, February 5, 1888, 10.45 P.M.

YOURS No. 36.

Her Majesty's Government are quite willing that the Egyptian Government should apply to the Sultan for leave to contract a loan of 5 millions for the purposes named. Diplomatic assistance must be left to the discretion of Sir W. White.

No. 25.

The Marquis of Salisbury to Sir E. Baring.

(No. 35. Ext. 16.)

Sir,

Foreign Office, February 5, 1888.

HER MAJESTY'S Government have given their best attention to the considerations contained in your telegram No. 36 of the 4th instant, and I have to-day informed you by telegraph that they are quite willing that the Egyptian Government should apply to the Sultan for leave to contract a loan of five millions for the purposes named by you.

The question whether the representations of the Egyptian Government should be supported diplomatically by this country at Constantinople must, I think, be left to the discretion of Her Majesty's Ambassador.

I am, &c.
(Signed) SALISBURY.

No. 26.

The Marquis of Salisbury to Sir W. White.

(No. 21. Secret.)

(Telegraphic.)

Foreign Office, February 5, 1888, 11 P.M.

HAVE informed Sir E. Baring that we have no objection to Khedive applying for leave to borrow 5 millions for objects named by him. I have added that diplomatic assistance on our part must rest entirely in your discretion.

Treasury to Foreign Office.—(Received February 6.)

Sir,

Treasury Chambers, February 4, 1888.

I HAVE laid before the Lords Commissioners of Her Majesty's Treasury your letter of the 26th ultimo and its inclosures, reporting the willingness of the Egyptian Government to accept the conditions on which Her Majesty's Government are prepared to waive their claim to the repayment of the deductions made in 1885 and 1886 from the interest on the Suez Canal Shares belonging to them.

I am directed to request you to inform the Marquis of Salisbury that my Lords have received this communication with satisfaction. They observe, however, that the terms, in which the acceptance of the conditions is expressed by Nubar Pasha, are somewhat wider than those intended by Her Majesty's Government. His words are:—"Je crois devoir ajouter, M. le Ministre, que dans la pensée du Gouvernement de Son Altesse il doit expressément résulter de cette acceptation qu'aucune réclamation ultérieure ne sera faite de part et d'autre, et que tous comptes entre les deux Gouvernements doivent être considérés comme définitivement clos." It must, of course, be understood that the accounts to be considered definitively closed are only the accounts relating to the expenses incurred in connection with the expedition which was dispatched for the relief of General Gordon.

My Lords do not suppose that the Egyptian Government attach a different meaning to the proposed arrangement; but it may be advisable that the strict limitation of the agreement should be pointed out to that Government, in order that any misunderstanding in the future may be avoided.

It is to be noted that the sum representing the deductions from the Suez Canal interest payments in 1885 and 1886 has hitherto been mentioned (in round figures) as 38,000*l.* The exact sum is 39,765*l.* 16*s.* 2*d.*, which, when converted into Egyptian money, comes almost exactly to the amount given in Nubar Pasha's note, viz., £ E. 38,770.

I am, &c.
(Signed) R. E. WELBY.

No. 28.

The Marquis of Salisbury to Sir E. Baring.

(No. 34.)

Sir,

Foreign Office, February 6, 1888.

WITH reference to my despatch No. 333 of the 19th November last, stating that Her Majesty's Government have no objection to the proposal that the Commissioners of the Public Debt should be empowered to settle in discussion with the Egyptian Government the draft laws for the institution of a stamp duty and professional tax on Europeans, I transmit to you herewith a copy of a despatch to Her Majesty's Ambassador at Vienna,* recording the communications which have passed between me and the Austro-Hungarian Ambassador on this proposal.

You will see that the Austro-Hungarian Government are prepared to accept the plan if the other Powers do so, but that they wish that the result of the discussion by the Commissioners should be submitted to the Governments for their final approval.

I have deprecated this last proposal as likely to cause unnecessary delay, and have suggested that a reference to the Government need only be insisted on in case of irreconcilable difference between the Government and the Commissioners.

I am, &c.
(Signed) SALISBURY.

No. 29.

War Office to Foreign Office.—(Received February 10.)

Sir,

War Office, February 9, 1888.

WITH reference to the letter addressed to you from this Office on the 21st December last, I am directed by the Secretary of State for War to transmit herewith

* No. 23.

the copy of a letter which has this day been addressed to the Secretary to the Treasury on the subject of the contribution payable by the Egyptian Government in respect of the British force in Egypt during the year 1888.

I have, &c.
(Signed) R. H. KNOX.

Inclosure in No. 29.

War Office to Treasury.

Sir,

War Office, February 9, 1888.

WITH reference to the letter addressed to you from this Office on the 21st December last, I am directed by the Secretary of State for War to request that you will be good enough to inform the Lords Commissioners of Her Majesty's Treasury that, having in view the withdrawal of British troops from Assouan, and a correspondence which has taken place between this Office and the General Officer commanding in Egypt, Mr. Stanhope has come to the conclusion that a sum of 110,000*l.* will be sufficient to cover the extra cost of the British force in Egypt during the year 1888, inclusive of sea transport charges.

The contribution payable by the Egyptian Government in respect of that year will therefore be reduced from 120,000*l.*, as originally proposed, to 110,000*l.*

The whole of this sum will come in aid of army estimates on the transfer of the charges for sea transport from the navy to the army account; and since the letter of the 21st December, 1887, the cost of transport has been included in the estimates.

A copy of this letter has been sent to the Foreign Office.

I have, &c.
(Signed) W. ST. JOHN BRODRICK.

No. 30.

The Marquis of Salisbury to Sir E. Baring.

(No. 38.)

Sir,

Foreign Office, February 10, 1888.

I COMMUNICATED to the Lords Commissioners of Her Majesty's Treasury your despatch No. 30 of the 15th ultimo, reporting the willingness of the Egyptian Government to accept the conditions on which Her Majesty's Government are prepared to waive their claim to the repayment of the deductions made in 1885 and 1886 from the interest on the Suez Canal shares belonging to them.

I now transmit to you a copy of the reply received from the Treasury, in which their Lordships, while expressing their satisfaction at the acceptance of the conditions by the Government of the Khedive, observe that the terms in which this acceptance is expressed by Nubar Pasha are somewhat wider than those intended by Her Majesty's Government, and that it must, of course, be understood that accounts to be considered definitively closed are only those relating to the expenses incurred in connection with the expedition for the relief of General Gordon.

I have to request that you will communicate the observations of the Lords Commissioners of the Treasury to the Egyptian Government in such form as you may think expedient.

I am, &c.
(Signed) SALISBURY.

No. 31.

The Marquis of Salisbury to Sir E. Malet.

(No. 41.)

Sir,

Foreign Office, February 10, 1888.

PRINCE RATIBOR called at this Office on the 3rd instant, and inquired what view was taken by Her Majesty's Government of the proposal made by Nubar Pasha that the Commissioners of the Caisse should be empowered, in conjunction with the Egyptian Government, to settle the question of the stamp duty and professional tax for Europeans. He drew attention more especially to the modification proposed by the Austro-Hungarian Government to the effect that the final decision in the matter should rest with the Governments of the Powers concerned.

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I have returned to Prince Ratibor the same answer that I gave to the inquiries of the Austrian Government on the subject, as recorded in the despatch to Her Majesty's Ambassador at Vienna,* of which a copy is herewith inclosed for your information.

I am, &c.
(Signed) SALISBURY.

No. 32.

Sir E. Baring to the Marquis of Salisbury.—(Received February 11, 4:55 P.M.)

(No. 42.)
(Telegraphic.)

Cairo, February 11, 1888.

THE Khedive has applied by letter to the Sultan for authority to issue a loan of 5 millions. The first issue will probably be fixed at 2½ millions.
(Sent to Constantinople.)

No. 33.

Sir E. Baring to the Marquis of Salisbury.—(Received by telegraph, February 11.)

(No. 70. Ext. 42.)

Cairo, February 11, 1888.

My Lord,

WITH reference to my despatch No. 52 of the 1st instant, I have the honour to report to your Lordship that the Khedive has applied by letter to the Sultan for authority to issue a loan of 5 millions.

The first issue will probably be fixed at 2½ millions.

I have had the honour to inform your Lordship and Sir W. White of the above by telegraph this day.

I have, &c.
(Signed) E. BARING.

No. 34.

Sir E. Baring to the Marquis of Salisbury.—(Received February 13.)

(No. 54.)

Cairo, February 2, 1888.

My Lord,

WITH reference to my despatch No. 38 of the 22nd ultimo, I have the honour to transmit to your Lordship herewith an extract from the "Journal Officiel" of yesterday, giving the text of a Khedivial Decree, by which Count Charles Zaluski is appointed Commissioner of the Public Debt in the place of the late Baron de Vetsera.

I have, &c.
(Signed) E. BARING.

Inclosure in No. 34.

Extract from the "Journal Officiel" of February 1, 1888.

Décret.

NOUS, Khédive d'Égypte,
Vu l'Article 5 du Décret en date du 2 Mai, 1876;

Décrétons :

Article Unique. M. le Comte Charles Zaluski est nommé Commissaire-Directeur de la Caisse de la Dette Publique, en remplacement du Baron de Vetsera, décédé.
Fait au Palais d'Abdin, le 31 Janvier, 1888 (18 Djemad-el-Ewal, 1305).

(Signé) MEHÉMET TEWFIK.

Par le Khédive :
Le Président du Conseil des Ministres,
(Signé) N. NUBAR.

No. 35.

Sir E. Baring to the Marquis of Salisbury.—(Received February 13.)

(No. 3. Commercial.)

My Lord,

Cairo, February 3, 1888.

IN my despatch No. 4 of the 2nd ultimo, I had the honour to transmit to your Lordship copy of a Khedivial Decree with respect to the increased taxation on tobacco grown in Egypt. I now beg to inclose an extract from the "Journal Officiel" of the 30th January, giving the text of a Decree fixing the amount of duty to be paid on the importation of foreign tobacco into this country.

As your Lordship is, perhaps, aware, a somewhat difficult question had arisen as to the importation of Turkish tobacco into Egypt. The question was one which seriously affected the interests of the Tobacco Régie instituted a few years ago in Turkey, and formed, on more than one occasion, the object of representations on the part of Moukhtar Pasha. The Greek Government also complained that considerable loss was caused to them owing to the fact that there was an export duty on Turkish tobacco exported to Egypt, in order to avoid which it was first shipped to one of the Greek ports, and from thence reshipped to Egypt, by which means tobacco grown in Greece was precluded from competing with Turkish-grown tobacco in the Egyptian market. Briefly stated, the following Regulations existed up to the present time with regard to the importation of Turkish tobacco into Egypt. Before the conclusion of the Commercial Convention between Greece and Egypt of the 3rd March, 1884, Turkish tobacco only was admitted into Egypt, but a considerable contraband trade was carried on in Greek tobacco. The Turkish authorities used to levy an export duty of P. T. 10 per oke (23 lbs.) on all tobacco shipped to Egypt, while tobacco shipped to other countries paid no duty whatever. On the conclusion of the Greek Commercial Convention, it was found impossible to maintain this export duty of P. T. 10. Turkish tobacco was first shipped either to England or Greece, and from thence reshipped to Egypt, by which means the export duty levied by the Turkish authorities was entirely evaded. To prevent this, the Tobacco Régie of the Ottoman Empire lowered the export duty from P. T. 10 to P. T. 5 per oke, and demanded from exporters guarantees that the tobacco was not intended for reshipment to Egypt. These measures proved, however, owing to their evasion, to be of little avail, and, indeed, only gave rise to further complaints on the part of the Greek Government, who had intended by the Convention of March 1884 to obtain advantages for tobacco grown in their own country.

In 1887, the cultivation of native tobacco in Egypt increased so largely that the importation of foreign tobacco seemed seriously menaced. This caused a great deal of apprehension to the Egyptian Government. The tax imposed on imported tobacco was about twelve times that imposed on home-grown tobacco, and any reduction in the importation of foreign tobacco would consequently seriously diminish the revenues of the country. The law increasing the taxation on lands growing tobacco was therefore passed, and the measure will certainly reduce the cultivation of native tobacco to a very great extent. Both Turkey and Greece having benefited by this enactment, negotiations were entered into with them with a view to obtaining some reciprocal advantage.

These negotiations have been successful, and I have the honour to inclose herewith a copy of the arrangement which has just been concluded between the Egyptian Government and the Tobacco Régie with respect to Turkish tobacco imported into Egypt.

The arrangement is as follows:—

Under the Convention with the Tobacco Régie of the 24th January, 1888, it is agreed that the present export duty of P. T. 5 per oke levied on Turkish tobacco shipped for Egypt shall be abolished. In its place the Egyptian Government will levy a supplementary tax of P. E. 4½ per kilog. (about P. T. 6¼ per oke) on all Turkish tobacco imported. This will put an end to the shipping of tobacco to Greece or England for reshipment to Egypt. This supplementary tax of P. E. 4½ will be divided between the Egyptian Government and the Tobacco Régie in the following proportions:

On the first 1,000,000 kilog. of tobacco imported from Turkey, the whole amount of the supplementary duty is to go to the Régie; on the next 1,000,000 kilog. the amount of the supplementary duty is to be divided in equal proportion between the Régie and the Egyptian Government; above that quantity the Egyptian Govern-

ment is to take five-ninths, and the Régie four-ninths of the duty collected. Both parties engage to co-operate for the suppression of contraband. The Régie further engages to pay a contribution of not less than £ E. 4,000 per annum towards the maintenance of the Egyptian Coast-guard.

This arrangement came into force on the 1st February of this year, and will last till the 3rd March, 1891.

The negotiations with the Greek Government have resulted in the adoption of a sliding scale, the import duty levied on Greek tobacco being made to depend on the quantities imported. The opinion is prevalent that the amount of Greek tobacco consumed in Egypt will increase largely in the next two years. It is cheaper than Turkish tobacco, and will, to a great extent, replace native tobacco among the poorer classes.

The Greek Consul-General having complained to the Egyptian Government of the fact that, contrary to the Convention of March 1884, Greek tobacco was treated by the Egyptian Custom-house officials on the same footing as Turkish tobacco which had been shipped from a Greek port, the Egyptian Government has promised to give instructions with a view to a stricter interpretation of the terms of that Convention. A copy of the correspondence which passed is inclosed herewith. From a legal point of view, it appears doubtful whether the Egyptian Government was entirely in the right in making no difference between the importation of tobacco grown in Greece and that merely shipped from a Greek port. The concession of this point has, however, greatly tended to the satisfactory arrangement which has been come to between the two Governments.

The settlement of the whole question is most satisfactory, and will, I have little doubt, contribute to the maintenance of the financial equilibrium of the Egyptian Treasury.

I have, &c.
(Signed) E. BARING.

Inclosure 1 in No. 35.

Extract from the "Journal Officiel" of January 30, 1888.

NOUS, Khédive d'Égypte,
Sur la proposition de Notre Ministre des Finances et l'avis conforme de Notre Conseil des Ministres;

Décrétons :

Article 1^{er}. A partir du 1^{er} Février, 1888, le droit à percevoir au moment de leur entrée en Égypte sur les tabacs Turcs de toute qualité, soit en feuilles, soit coupés, soit rapés, soit en cigarettes, est fixé à 11¹/₁₀ piastres Égyptiennes par kilog. pour les tabacs munis d'une Raftieh régulière de la Régie co-intéressée des tabacs de l'Empire Ottoman, et à 14¹/₂ piastres Égyptiennes par kilog. pour les tabacs Turcs non munis de Raftieh.

Art. 2. Les droits d'importation sur les tabacs Turcs restent fixés à 10 piastres Égyptiennes par kilog.

Art. 3. Le droit à percevoir sur les tabacs de toutes les qualités, Américains, Anglais, Grecs, Italiens, Hollandais, Portugais, Suédois et Norvégiens, soit en feuilles, soit coupés, soit rapés, soit en cigarettes, est fixé à 10 piastres Égyptiennes par kilog.

Art. 4. Les droits de douane sur les cigares de toute provenance continueront à être perçus à raison de 16 piastres Égyptiennes par kilog.

Art. 5. Toutes dispositions contraires résultant de lois ou décrets antérieurs sont et demeurent abrogées.

Art. 6. Notre Ministre des Finances est chargé de l'exécution du présent Décret.

Fait au Palais d'Abdin, le 30 Janvier, 1888 (17 Gamad-Awal 1305).

(Signé) MÉHÉMET TEWFIK.

Par le Khédive :

Le Président du Conseil des Ministres,

(Signé) N. NUBAR.

Le Ministre des Finances,

(Signé) MOHAMMED ZEKY.

Inclosure 2 in No. 35.

Arrangement avec la Régie co-intéressée de l'Empire Ottoman.

ARTICLE 1. En considération de l'impôt de £ E. 30 par feddan établi en Égypte sur la culture du tabac, et de la surtaxe de P. E. 4¹/₂ établie sur le tabac Turc entrant en Égypte, la Régie s'engage à solliciter du Gouvernement Impérial Ottoman l'abolition du droit de sortie de P. E. 3.90 par kilog. actuellement perçu dans les échelles de Turquie sur les tabacs Ottomans destinés à l'Égypte; étant entendu que le montant de la taxe additionnelle de P. E. 4¹/₂ par kilog., perçue par l'Égypte, sera partagé entre le Gouvernement Égyptien et la Régie dans les conditions et proportions suivantes :

Les recettes de ce chef afférentes au premier million de kilogs. de tabacs Turcs importés en Égypte resteront acquises intégralement à la Régie.

Les recettes afférentes aux 4,000,000 kilog. suivantes seront partagées par moitié entre le Gouvernement Égyptien et la Régie.

Les recettes afférentes au surplus des tabacs Turcs importés au-dessus de 4,000,000 kilog. seront partagées à raison de cinq neuvièmes pour le Gouvernement Égyptien et de quatre neuvièmes pour la Régie.

Art. 2. En attendant que le Gouvernement Ottoman ait décrété l'abolition du droit de sortie, la Régie continuera à percevoir la somme de P. E. 3.90 par kilog., déclaré à destination de l'Égypte. Pour tous les tabacs ayant acquitté ce droit l'Égypte ne percevra qu'une taxe supplémentaire de P. E. 1.10, tandis qu'elle percevra l'intégralité de la taxe supplémentaire de P. E. 4¹/₂ sur les tabacs Turcs qui arriveraient sans avoir acquitté le susdit droit de sortie de P. E. 3.90.

Le partage de l'ensemble des droits perçus à raison du Reftich au départ de Turquie et de la taxe supplémentaire établie en Égypte se fera entre le Gouvernement Égyptien et la Régie dans les proportions établies à l'Article 1.

Art. 3. Le Gouvernement Égyptien s'engage à prendre les mesures qui sont à sa disposition, à l'effet d'éviter que des tabacs dont l'origine Turque sera constatée par la Douane, nonobstant tout certificat contraire, introduits en Égypte par des voies détournées, et spécialement par voie de Grèce, n'aient à se soustraire à la surtaxe mentionnée à l'Article précédent.

Art. 4. La Régie s'engage, de son côté, à prêter, en ce qui la concerne, tout son concours à la Douane Égyptienne pour assurer l'exécution du dit Article.

Art. 5. La Régie versera annuellement à la Douane Égyptienne une somme égale au six pour cent des recettes qui lui reviendront en vertu de l'Article 1; toutefois la somme ainsi versée par la Régie ne pourra, en aucun cas, être moindre de £ E. 4,000 par an.

Art. 6. Le Gouvernement Égyptien prend l'engagement formel de n'augmenter le droit d'entrée sur les tabacs de provenance Ottomane indiqué à l'Article 1 du présent arrangement que d'un montant égal ou inférieur à celui dont il pourra augmenter les droits d'entrée des tabacs de la nation la plus favorisée.

Art. 7. Le présent arrangement entrera en vigueur à partir du 1^{er} Février (n.s.). Il prendra fin à l'expiration des Conventions actuellement en vigueur passées entre le Gouvernement Égyptien et les Puissances étrangères au sujet de l'importation des tabacs.

Art. 8. Le Gouvernement Égyptien et la Régie élaboreront un Règlement spécial pour toutes les mesures de contrôle à établir.

(Pour le Conseil d'Administration)

Le Président,

(Signé) EM. DEVEAUX.

Constantinople, le 12 (21) Janvier, 1888.

Inclosure 3 in No. 35.

M. Byzantios to Nubar Pasha.

M. le Président,

Alexandrie, le 11 (23) Janvier, 1888.

JE crois urgent d'appeler votre sérieuse attention sur une interprétation erronée de nos arrangements commerciaux, qui entraîne des conséquences fâcheuses pour nos

intérêts. Il paraît que le mot "Provenance," contenu dans les Décrets du 20 Mars, 1884, et 11 Avril, 1885, relatifs à l'introduction des tabacs Grecs en Égypte, a été mal compris et mal appliqué par la Direction Générale des Douanes Égyptiennes.

Durant les négociations qui ont abouti à la Convention Douanière du 3 Mars, 1884, il était bien entendu, de la part du Gouvernement de Sa Majesté, que la faculté d'importation n'était accordée qu'au tabac d'origine Grecque, sans s'étendre aux tabacs d'origine étrangère ayant transité par un port du Royaume.

En vertu de cette interprétation, la seule vraie et juste, dans notre pensée, les autorités Douanières ont donc le droit et même le devoir de refuser d'assimiler aux tabacs Grecs des tabacs étrangers qui n'ont fait que toucher, en passant, le territoire Grec, et de comprimer toute fraude en exigeant des certificats d'origine. C'est dans ce but que j'ai l'honneur de vous adresser la présente, en vous priant de vouloir bien transmettre les éclaircissements nécessaires aux autorités compétentes sur le sens réel de nos engagements mutuels, en vue d'empêcher la continuation d'un abus qui n'est dû, j'aime à le croire, qu'à un simple malentendu, mais qui est de nature, en se prolongeant, de prendre, à nos yeux, les proportions d'une dérogation sérieuse à la Convention qui régit les relations commerciales des deux pays.

Veillez, &c.
(Signé) A. BYZANTIOS.

Inclosure 4 in No. 35.

Nubar Pasha to M. Byzantios.

M. l'Agent et Consul-Général,

Le Caire, le 24 Janvier, 1888.

PAR votre dépêche, en date du 23 Janvier courant, vous avez bien voulu appeler mon attention sur l'interprétation erronée donnée par les autorités Douanières à l'arrangement spécial concernant l'importation en Égypte des tabacs Grecs.

Il résulte, en effet, de la correspondance échangée entre nous à la date du 13 Mars et 18 Mars, 1884, que les tabacs Grecs ont seuls été visés par l'arrangement.

Si donc les autorités Douanières ont cru pouvoir assimiler aux tabacs Grecs des tabacs qui ont simplement transité par un port Grec, il y a là, je le reconnais, une erreur d'interprétation.

Le Gouvernement de Son Altesse vient de donner des instructions à la Direction Générale des Douanes pour l'exécution rigoureuse de l'arrangement dans son texte comme dans son esprit.

Veillez, &c.
(Signé) N. NUBAR.

No. 36.

Foreign Office to Treasury.

Sir,

Foreign Office, February 13, 1888.

THE War Office have communicated to this Office a copy of their letter to the Treasury of the 9th instant upon the subject of the contribution payable by the Egyptian Government in respect of the British force in Egypt during the year 1888, and I am directed by the Marquis of Salisbury to inquire whether the Egyptian Government may be informed that the contribution to be claimed from Egypt for the year 1888 will be reduced to 110,000*l.*

I am, &c.
(Signed) JULIAN PAUNCEFOTE

No. 37.

Treasury to Foreign Office.—(Received February 16.)

Sir,

Treasury Chambers, February 16, 1888.

I AM directed by the Lords Commissioners of Her Majesty's Treasury to inform you that the question which was raised in your letters of the 3rd December and 7th January, as to the amount with which the Egyptian Government should be charged in 1888-89 in respect of the expenses of the British Army of Occupation, has received the most careful consideration of Her Majesty's Government.

All the items constituting the extra expenses have been examined and re-examined by the War Office authorities, who have been in communication with the General Officer commanding in Egypt; and, having in view the reductions which have been made and are in course of being made in the number of British troops retained in Egypt, the Secretary of State for War has come to the conclusion that a sum of 110,000*l.* will suffice to cover the extra cost in 1888-89, inclusive of the transport charges.

I am accordingly to request you to move the Marquis of Salisbury to cause the Egyptian Government to be informed, through Her Majesty's Agent and Consul-General at Cairo, that the amount of contribution which Her Majesty's Government will claim from the Government of His Highness the Khedive during the coming financial year will be 110,000*l.*, provided that the occupying force does not exceed the proposed number of 3,500 men.

I am, &c.
(Signed) W. L. JACKSON.

No. 38.

The Marquis of Salisbury to Sir E. Baring.

(No. 43.)

Foreign Office, February 17, 1888.

Sir,

WITH reference to your despatches No. 519, Very Confidential, of the 10th November, and No. 553, Confidential, of the 8th December last year upon the subject of the expenses of the English Army of Occupation in Egypt, and of the amount of the contribution payable by the Egyptian Government in respect of that force during the year 1888, I transmit, for your information, copies of letters from the War Office and the Treasury,* from which it will be seen that Her Majesty's Secretary of State, after careful consideration of all the items, has come to the conclusion that a sum of 110,000*l.* will be sufficient to cover the extra cost of the British force in Egypt, if maintained at its present strength, during the current year, inclusive of the transport charges.

In accordance with the wish expressed by the Lords of the Treasury, I have therefore now to instruct you to inform the Egyptian Government that the amount of contribution which Her Majesty's Government will claim from the Government of His Highness the Khedive during the coming financial year will be 110,000*l.*, provided that the occupying force does not exceed the proposed number of 3,500 men.

I am, &c.
(Signed) SALISBURY.

No. 39.

Sir E. Baring to the Marquis of Salisbury.—(Received February 20.)

(No. 66.)

Cairo, February 8, 1888.

My Lord,

I HAVE the honour to transmit herewith copy of a letter which Sir Edgar Vincent has received from Colonel C. E. Stewart, relative to his searches for petroleum on the shores of the Red Sea.

Colonel Stewart proposes shortly to prepare a Memorandum on this subject, stating more fully the result of his observations.

Your Lordship will observe that Colonel Stewart is inclined to think that a boring should be made at Ras Abu Durbah.

I have, &c.
(Signed) E. BARING.

Inclosure in No. 39.

Colonel Stewart to Sir E. Vincent.

Dear Sir Edgar Vincent, *Gemsah, on the Red Sea, February 4, 1888.*
I HAVE finished my search for petroleum on this part of the Red Sea coast, and am now prepared to send in my report on the whole subject.
I have made a thorough search, so far as the time allowed, on the west coast of the Red Sea, from Zafferani Lighthouse down to the ancient Myos Hormos, and even a few miles beyond that point. I have not only searched the coast, but I have travelled from 25 to 30 miles inland at several points.

On the other side of the Gulf of Suez I spent seven days in searching the coast of the Sinai Peninsula, and also travelled some 20 miles inland.

The result has been that I have come to the conclusion that petroleum is widely distributed over a very considerable area of country.

I found free petroleum in very small quantities in cells in the rocks near Ras Dhib, some 20 miles north of Gebel-Zayt.

I also found petroleum oozing up at low tide from the bottom of the sea, close inshore, to the north-east point of Jubal Island. I also found petroleum oozing up in very considerable quantities close inshore to the west of Jubal Island. It covered the sea with a thick scum of oil for a considerable distance. This oil off Jubal Island can only be found at very low tide, and, being found on different sides of the island, would point to a considerable saturation of the strata below that island with petroleum.

If the four points, Jubal Island, Gemsah, Gebel-Zayt, and Ras Dhib, where petroleum has now been found, be considered, it will be apparent how wide is the area over which this oil has now been traced.

The above is not all. I have great hopes that oil will be found at Ras Abu Durbah, some 20 miles north of Tor, on the coast of the Sinai Peninsula. I have received such strong assurances from many witnesses that they have seen petroleum floating on the sea at this point that, though when I visited the spot no petroleum was found, I believe the statement is probably true.

The witnesses stated that it would only be found at low tides. Unfortunately, the day I was there the tide was a very high one, and the spot from which the petroleum was said to exude was never uncovered, though I waited for the tide to fall.

In a few days there will be a series of very low tides, and Mr. Mitchell has arranged to start in the steam-launch for Ras Abu Durbah, and ascertain if the statement made to us is correct.

In case petroleum is found at Ras Abu Durbah, that is certainly a point where a boring should be made. In all countries where petroleum is found in considerable quantities it is in sandstone that it is found.

This rule is found to apply all over the United States, on the Black Sea coast, on the Caspian Sea coast—in fact, everywhere, with one single exception in Canada, where it is found in limestone.

It does not matter whether the petroleum be found in a Tertiary formation or in one of the older formations. Oil is never found in large quantities except in sandstone, and a coarse-grained sandstone containing many small quartz pebbles is the commonest stratum in which oil is found. Just such sandstone is the stratum which prevails near Ras Abu Durbah.

Such sandstone also is found near Ras Dhib, where I found petroleum in small quantities. I only found the petroleum close to the shore at Jubal Island on the 2nd February.

Yours, &c.
(Signed) C. E. STEWART.

No. 40.

Sir E. Baring to the Marquis of Salisbury.—(Received February 20.)

(No. 68.)

My Lord,

Cairo, February 11, 1888.

I HAVE the honour to address your Lordship on the subject of the financial results of the year 1887 and the prospects of the year 1888.

The figures are throughout given in Egyptian pounds; £ E. 1 is equal to 1l. 0s. 6d. sterling.

Accounts of 1887.

The Account (A) annexed to this despatch gives the General Balance-sheet of the Egyptian Government for the year 1887. For convenience of reference I summarize its leading features below:—

Receipts.		Expenditure.	
	£ E.		£ E.
Balance, January 1, 1887:—		Expenditure of the year	9,191,483
1. With the Commissioners of the Debt	2,203,011	Sinking fund (Guaranteed and Unified Debts) ..	72,489
2. Government Treasuries and Banks	820,863	Extraordinary expenses (loan account) ..	891,905
3. Guaranteed Loan Funds	1,053,406	Deposits, advances, and special accounts (net) ..	380,279
	4,077,280	Balance, December 31, 1887:—	
Revenue of the year	9,616,358	1. With the Commissioners of the Debt	1,813,179
Prescriptions	124	2. Government Treasuries and Banks, and at the Berlin Mint	1,184,585
Interest on bonds of Guaranteed Loan	1,659	3. Guaranteed Loan funds	320,969
Extraordinary receipts (Guaranteed Loan)	159,468		3,318,733
Total	13,854,889	Total	13,854,889

It will be seen from the above Statement that the balance in the hands of the Commissioners of the Debt decreased during the year from £ E. 2,203,011 to £ E. 1,813,179, that is to say, by £ E. 389,832. This decrease is due to the fact that, at the commencement of the year, the Commissioners held a sum of £ E. 437,315, being the aggregate amount of the deductions made from the coupons and the Suez Canal interest during the previous two years. The sums deducted have, during the year, been repaid to the holders of stock.

The balance belonging to the Egyptian Government increased from £ E. 820,863 to £ E. 1,184,585 (of which £ E. 79,932 at Berlin), that is to say, by £ E. 363,722 during the year. This increase was, in a great measure, due to changes in the form of accounts, which I will presently explain.

I postpone my observations on the balance of the Guaranteed Loan Account.

I turn to the figures of revenue and expenditure.

The estimates for the year were as follows:—

	£ E.
Revenue	9,675,247
Expenditure	9,628,961
Surplus	46,286

The accounts show the following result:—

	£ E.
Revenue	9,616,358
Expenditure	9,191,483
Surplus	424,875

The revenue was, therefore, £ E. 58,889 less than the estimate.

The expenditure was £ E. 437,478 less than the estimate.

The net result was £ E. 378,589 better than the estimate. The surplus, instead of being £ E. 46,286, as estimated, was £ E. 424,875.

A further consideration of the subject is necessary before any conclusion can safely be drawn from the figures.

The following Table will enable a comparison to be made between the estimates and accounts, in so far as the revenue is concerned, under each of the major heads of account:—

Revenue of 1887.

Head of Account.	Estimates 1887.	Accounts 1887.	Accounts better than Estimates.	Accounts worse than Estimates.
	£ E.	£ E.	£ E.	£ E.
I. Contributions directes	5,665,883	5,468,931	..	196,952
II. Contributions indirectes	1,748,069	1,741,624	..	6,445
III. Revenus des Administrations de Recettes	1,864,403	1,788,829	..	75,574
IV. Recettes des services administratifs.	498,940	394,041	..	104,899
V. Locations et produits des propriétés du Gouvernement	84,152	83,673	..	479
VI. Recettes du Gouvernorat de Souakin	13,800	15,100	1,300	..
VII. Retenue sur les traitements du personnel	40,000	47,010	7,010	..
VIII. Prix de terrains cédés à la Compagnie du Canal de Suez	..	77,150	77,150	..
Total	9,915,247	9,616,358	..	298,889
A déduire—				
Non-valeurs	240,000	..	240,000	..
Total	9,675,247	9,616,358	..	58,889

I have on former occasions pointed out that the Egyptian system of framing the estimates of revenue is to take credit for a larger figure under several important heads than it is expected will be received, and then, at the bottom of the account, to deduct a lump sum for irrecoverable taxes ("non-valeurs"). No such entry, of course, appears in the accounts. The result of this system is to vitiate any comparison between the detailed figures of the accounts and estimates.

The greater portion of the "non-valeurs" are taken in deduction of land-tax. It will be seen from the above Table that the total amount deducted from the estimates for "non-valeurs" was £ E. 240,000, and that the "contributions directes" (principally land-tax) fell short of the estimate by £ E. 196,952.

The following conclusion may, however, accurately be drawn from this Table. The Egyptian Government received £ E. 77,150 from the Suez Canal Company, for which no provision was made in the estimates. In spite of this unexpected receipt, the revenue fell short of the estimate by £ E. 58,889. It would appear, therefore, that the estimates were too favourable to the extent of (£ E. 77,150 + £ E. 58,889) £ E. 136,039.

The main reasons for the discrepancies between the estimates and accounts are:—

1. That the railway receipts (£ E. 1,296,568), which constitute the principal minor head of the "Revenus des Administrations de Recettes," fell short of the estimate (£ E. 1,372,000) by £ E. 75,432.

2. That the receipts from "Produit du Rachat du Service Militaire" (£ E. 28,100), which forms one of the minor heads under "Recettes des Services Administratifs," fell short of the estimate (£ E. 150,000) by £ E. 121,900.

Instead, however, of making any further detailed comparison between the estimates and the accounts, it will, perhaps, throw more light on the financial situation to institute a comparison between the actual receipts of 1887 and those of the last three years. It will thus be possible to obtain some general idea as to the extent to which the revenue may be held to be progressive.

The following Table shows the amount of revenue derived from "Contributions Directes" during the last four years:—

Head of Account.	1884.	1885.	1886.	1887.
	£ E.	£ E.	£ E.	£ E.
Land tax, including "dîmes sur les dattiers" ..	5,138,308	5,096,189	5,140,907	5,168,932
Professional tax	173,421	164,485	154,533	147,666
House tax	45,628	81,907	45,648	110,281
Other minor taxes	45,875	16,398	45,261	42,052
Total	5,407,232	5,388,979	5,386,349	5,468,931

It will be seen from this Table that the revenue derived from direct taxes is steady. It does not, however, show much tendency to increase. The sum collected in 1887 was, indeed, larger than in any of the previous three years, but this was mainly due to the fact that the house-tax was, for the first time, paid by Europeans in 1887. The receipts from the house-tax were also somewhat abnormally large, owing to a considerable portion of the sums due by Europeans in 1886 having been collected in the early part of 1887.

The revenue from the professional tax, which is as yet not paid by Europeans, shows a steady tendency to fall off. This, although unsatisfactory from a purely fiscal point of view, is in reality a proof of the progress made in the direction of orderly and legal government. Hitherto, the tax has unquestionably been collected from a number of persons whose legal obligation to pay the tax was, at least, doubtful. Now, much greater care is taken only to demand payment when such a demand is strictly legal.

The same tendency to fall off is shown, although in a less degree, by "other minor taxes."

The principal item in the Table is, however, the land-tax, which is the main source of Egyptian revenue. The figures under this head are, on the whole, satisfactory. The revenue of 1886 exceeded that of 1885 by £ E. 44,718. The revenue of 1887 exceeded that of 1886 by £ E. 28,025, notwithstanding that in 1886 £ E. 300,000 instead of £ E. 150,000 were included on account of Moukabala.* There would, therefore, appear to be a tendency towards a steady increase. This is, no doubt, due to greater regularity in the collections, to the beneficial results accruing from the operations of the Irrigation Department, and to the partial abolition of the corvée, which has indirectly relieved the pressure of taxation on the cultivators. It is especially satisfactory to note that this gradual increase has taken place during a time when the prices of agricultural produce have been very low, and without any special pressure having been exercised in the collection of the tax.

As to the general question of the land-tax in Egypt, I can only repeat what I have said on former occasions, namely, that the principal evil of the existing assessment is, not so much that the amount collected is, in the aggregate, too high, as that the incidence of the tax is very unequal. A redistribution of the land-tax is, on fiscal and economical grounds, much to be desired.

The following Table shows the revenue derived from "Contributions Indirectes" during the last four years:—

Head of Account.	1884.	1885.	1886.	1887.
	£ E.	£ E.	£ E.	£ E.
Customs	796,521	923,177	930,523	936,676
Octroi	309,347	301,346	303,242	305,888
Salt	211,021	211,161	201,570	209,624
Fisheries	90,125	87,523	76,206	82,443
Navigation dues	82,374	75,194	72,673	75,555
Stamp and registration	51,833	52,092	50,255	51,920
Miscellaneous ("droits divers")	88,755	103,677	77,394	79,518
Total	1,629,976	1,754,173	1,711,863	1,741,624

It is under the head of indirect taxes that we should, if anywhere, look for signs of an elastic revenue. It is somewhat unsatisfactory to find that the figures do not afford much proof of elasticity. It is true that the revenue of 1885 (£ E. 1,754,173) exceeded that of 1884 (£ E. 1,629,976) by £ E. 124,197. This increase was entirely due to the Convention signed between the Greek and Egyptian Governments, with the object of allowing Greek tobacco to enter Egypt. The result of this Convention was that the Customs receipts in 1885 (£ E. 923,177) were greater than those of 1884 (£ E. 796,521) by £ E. 126,656.

But since 1885 the Customs revenue has progressed but slowly, the increase during the last two years being only £ E. 13,499. This is, without doubt, mainly due to the commercial depression which has affected Egypt as well as other countries.

The revenue from octroi, salt, fisheries, navigation dues, and stamps and registration—the stamp duties being as yet not paid by Europeans—would appear to be stagnant.

* The very complicated transaction in connection with the Moukabala payments in 1886 was explained in my despatch to the Earl of Iddesleigh No. 457 of November 13, 1886.

The revenue under the head of "Miscellaneous" shows some tendency to fall off. I shall have to revert to the question of stamps and registration when I come to deal with the estimates for 1888.

I have little doubt that by an improved system of supervision and inspection something might be done to develop the octroi and salt revenues.

On the other hand, I have heard some complaints of the octroi duty being too high, and especially of the valuations being excessive. It would be very desirable to get rid of the duty altogether in some of the small towns in which the net revenue is small in amount.

The subjoined Table shows the revenue derived from the "Revenus des Administrations de Recettes" during the last four years:—

Head of Account.	1884.	1885.	1886.	1887.
	£ E.	£ E.	£ E.	£ E.
Railways	1,404,366	1,480,660	1,266,967	1,296,568
Helouan Railway	6,617	7,658	8,421	9,483
Telegraphs	42,089	56,841	37,170	34,891
Port of Alexandria	83,129	96,521	106,741	111,422
Post Office	104,223	116,970	112,659	122,110
Postal steamers	126,459	152,681	120,364	116,667
Light-houses	89,441	91,588	86,470	89,067
Ports (other than that of Alexandria)	3,436	3,617	3,696	3,471
Mint	5,971	6,505	5,280	5,150
Total	1,865,731	2,013,041	1,747,768	1,788,829

It will be seen from this Table that, although the revenue of 1887 (£ E. 1,788,829) was £ E. 41,061 more than that of 1886 (£ E. 1,747,768), both in 1886 and 1887 the revenue was very considerably below that of 1884 (£ E. 1,865,731) and that of 1885 (£ E. 2,013,041).

The figures, however, are not in reality so unsatisfactory as they at first sight appear. The large revenue collected in 1884 and 1885 was wholly due to the railway and telegraph receipts being abnormally swelled owing to the presence of a large British force in Egypt.

It will be observed that the railway receipts of 1887 (£ E. 1,296,568) were £ E. 29,601 greater than those of 1886 (£ E. 1,266,967).

The revenue of the port of Alexandria shows a steady tendency to increase year by year.

Almost the same may be said of the Post Office. The revenue of 1887 (£ E. 122,110) was £ E. 9,451 greater than that of 1886 (£ E. 112,659). This is especially satisfactory when it is remembered that for the last year this Department has been administered by a very intelligent Egyptian, Saba Bey.

On the other hand, the revenue from postal steamers shows some tendency to decline, but this is mainly due to the fact that in previous years considerable sums were paid by the British and Egyptian Governments for the movement of troops. I believe that the best thing the Egyptian Government could do with these steamers would be to hand them over to a private Company.

The revenue from light dues remain steady, but shows no tendency to increase.

The following Table shows the revenue derived from "Recettes des Services Administratifs" during the last four years:—

Head of Account.	1884.	1885.	1886.	1887.
	£ E.	£ E.	£ E.	£ E.
Ministry of Justice	301,458	293,327	283,960	280,348
Miscellaneous	68,922	54,358	54,106	80,021
Redemption from military service	..	..	249,900	28,100
Redemption from corvée*	..	..	..	5,572
Total	370,380	347,685	587,960	394,041

* This item was excluded from the accounts previous to 1887.

The receipts under the head of "Ministry of Justice"—principally judicial fees—show a steady tendency to diminish year by year. I fear that these receipts are not properly controlled; but the decrease is in some degree due to a satisfactory cause, namely, the smaller number of actions, which, as compared to previous years, are now brought against the Government.

The revenue under the head of "Miscellaneous" is affected by various causes of an accidental nature, which are unimportant so far as the permanent financial situation of the country is concerned.

The system under which young men liable to military service were allowed to pay money in order to free themselves from such liability was only introduced in 1886. Large numbers of men availed themselves of the provisions of the new law. The result was, that the receipts under this head in 1886 amounted to no less than £ E. 249,900. For reasons, to which I shall allude more fully in dealing with the estimates of 1888, the receipts under this head must vary greatly unless the present system, under which the lists for liability to military service are prepared, be changed. The receipts in 1887 fell to £ E. 28,100.

The revenue under the head of "Locations et Produits des Propriétés du Gouvernement" for the last four years was as follows:—

	£ E.
1884	75,388
1885	87,471
1886	89,139
1887	83,073

The revenue under this head is derived from the rent of Government property, which forms part of the assets of the Guaranteed Loan. As the property is gradually sold the amount of rent collected will, of course, be proportionately diminished. On the other hand, the Treasury will to a certain extent be compensated for the loss of rent by the payments made on account of land tax by the new proprietors.

A major head of accounts, entitled "Recettes du Gouvernement de Souakin," appears for the first time in the accounts of 1887. Heretofore only the net expenditure on account of Suakin figured on the expenditure side of the account. The receipts under this head in 1887 amounted to £ E. 15,100, a figure which, considering the state of affairs at Suakin, may be regarded as satisfactory.

The receipts under the head of "Retenue sur les Traitements du Personnel" during the last four years have been as follows:—

	£ E.
1884	51,587
1885	45,824
1886	51,314
1887	47,010

The receipts under this head in 1887 were somewhat abnormally low, owing to the fact that the salaries for eleven months only were included in the accounts of the year. The salaries for December 1887 were paid at the commencement of January 1888, and, therefore, fall into the accounts of 1888. On this subject I beg to refer your Lordship to my despatch No. 34 of the 30th January, 1888.

The Egyptian Government received during 1887 a sum of £ E. 77,150 on account of "Prix de terrains cédés à la Compagnie du Canal de Suez." The explanation of this transaction is given in my despatch No. 1 of the 1st January, 1887, addressed to the late Lord Iddesleigh.

I have thus briefly reviewed the different heads of revenue for the last four years. The general conclusions which may, I think, be drawn from this review are:—

1. That the revenue is steady, and slightly, but very slightly, progressive.
2. That in a normal year, and without any increase of taxation, the Egyptian revenue may be taken at about £ E. 9,500,000, or perhaps slightly more.

Ordinary Expenditure of 1887.

The following Table will enable a general comparison to be made between the ordinary expenditure of 1887, and (1) the estimates of 1887 and (2) the expenditure of the three previous years:—

Head of Account.	1884.	1885.	1886.	1887.	
				Estimates.	Accounts.
	£ E.	£ E.	£ E.	£ E.	£ E.
I. Liste Civile, Allocations, et Cabinet de Son Altesse le Khédive	354,118	357,759	354,330	358,100	329,492
II. Frais d'Administration et de perception ..	2,072,255	1,975,265	1,852,431	1,845,716	1,729,465
III. Dépenses des Administrations des Recettes ..	851,934	916,924	884,297	941,452	869,700
IV. Sécurité Publique	880,121	588,945	601,742	589,517	636,867
V. Soudan	110,000	53,253	26,163	35,200	31,076
VI. Pensions	460,328	481,756	484,803	500,000	418,836
VII. Tribut et Dette non-consolidée ..	1,424,286	1,488,422	1,451,045	1,466,255	1,321,506
VIII. Dépenses rémunératrices et imprévues ..	..	6,387	67,725	65,000	39,402
IX. Suppression partielle de la Corvée ..	..	24,243	265,802	250,000	237,425
X. Service de la Dette Consolidée ..	3,343,477	3,292,601	3,499,203	3,577,721	3,577,714
Total	9,495,281	9,184,746	9,402,529	9,628,961	9,191,483

It would appear from this Table that the actual expenditure of the Egyptian Government in 1887 (£ E. 9,191,483) was £ E. 437,476 less than the estimate (£ E. 9,628,961).

This considerable discrepancy between the accounts and estimates is mainly due to two causes.

In the first place, it has been decided that, in future, monthly salaries shall be paid on the first day of the month following that in which they are due, instead of, as heretofore, on the last day of the month in which they are due. The result of this change is that during 1887 the Egyptian Government only paid the salaries for eleven months. The salaries due for December 1887 were not paid till January 1888. Hence, the finances of the year 1887 were relieved of a charge of about £ E. 200,000.

In the second place, a change has been made in the form of accounting for the Domains and Daïra deficits. The accounts of these administrations are not made up on the 31st December. The Egyptian Government does not know till about the month of April what is the exact sum which it has to pay in order to make good the deficits of the previous year. It has heretofore been the practice to enter in the accounts of the year not merely the sums paid by the Government to the Domains and Daïra Administrations, or, which amounts to the same thing, the taxes left unpaid by these Administrations, but also the sums which it was estimated would have to be paid when the Daïra and Domains accounts were finally closed. There were some obvious objections to this arrangement. It vitiated the accounts by confusing accounts and estimates. It was, therefore, very wisely resolved that, for the future, only the amounts actually paid to the two Administrations during the year, or left unpaid by them in the shape of taxes due to the Government, should be given in the accounts of the year. The immediate result of this change is that a portion of the deficits of 1887 will fall into the accounts of 1888, and that the accounts of 1887 are, by comparison with the estimates, relieved of a charge of about £ E. 140,000.

I have explained in another despatch that it is proposed to devote the exceptional surplus which has arisen from the two causes above-mentioned to the creation of a reserve fund. The two sums together amount to about (£ E. 200,000 + £ E. 140,000) £ E. 340,000. If we add this sum to the expenditure, as shown in the accounts (£ E. 9,191,483), we arrive at a total of £ E. 9,531,483. This is still £ E. 97,478 below the estimate (£ E. 9,628,961).

We may conclude, therefore, that the expenditure of 1887 was kept well within the estimate.

So many special circumstances have to be taken into consideration in connection with the circumstances of the previous three years, that a comparison of the total expenditure of 1887 with that of 1884, 1885, and 1886 would be of little value. Instead, therefore, of considering the total figures, it will be desirable to look into the details.

The expenditure under the head of "Liste Civile, Allocations, et Cabinet de Son Altesse le Khédive" necessarily varies but very slightly. The figure in the accounts (£ E. 329,492) is considerably below that of the estimate (£ E. 358,100), but the difference is merely due to the fact to which I have already alluded, that the payments for December 1887 were not made till January 1888.

The next head of account is entitled "Frais d'Administration et de Perception." The figures under this, perhaps, more than under any other head of account, show

how far the Administration has been economically conducted. I give the details below:—

Head of Account.	1884.	1885.	1886.	1887	
				Estimate.	Accounts.
	£ E.	£ E.	£ E.	£ E.	£ E.
1. Conseil des Ministres	6,668	6,525	5,450	5,310	4,937
2. Conseil Législatif	8,956	9,063	7,976	8,000	7,178
3. Ministère des Affaires Étrangères ..	10,712	10,815	10,940	11,755	9,761
4. Ministère des Finances—					
Administration Centrale	80,854	96,384	98,318	94,143	86,839
Service du Conseiller Financier ..	6,843	6,501	5,998	6,000	5,489
Caisse de la Dette Publique ..	25,396	28,896	31,284	33,355	32,714
Cadaastre	27,869	33,631	28,100	29,773	24,278
Imprimerie Nationale	36,178	28,784	24,840	22,406	19,961
5. Ministère de l'Instruction Publique ..	94,621	81,131	68,789	68,452	62,971
6. Ministère de l'Intérieur	101,248	106,315	125,851	130,163	120,412
7. Ministère de la Justice	324,259	324,566	314,601	322,060	304,207
8. Ministère des Travaux Publics ..	575,800	537,598	462,596	461,623	435,580
9. Services divers des Ministères ..	209,753	128,315	119,951	102,508	122,227
10. Services administratifs et de perception des Provinces, Gouvernorats, et Municipalités	371,801	352,159	336,352	332,301	297,237
11. Douanes	63,876	94,895	83,847	85,535	75,317
12. Octrois	41,104	40,606	43,224	49,036	41,817
13. Sel et natron	71,145	73,776	69,532	61,837	65,426
14. Pêcheries	11,456	11,032	10,601	11,598	9,765
15. Perception des droits de navigation ..	3,716	2,772	4,181	2,961	3,349
Total	2,072,255	1,975,265	1,852,431	1,845,716	1,729,465

It will be observed that the expenditure (£ E. 1,729,465) was £ E. 116,251 less than the estimate (£ E. 1,845,716), but if allowance be made for the fact that only eleven months' salaries were paid in the year it may be said that, for purposes of comparison, the expenditure was about equal to the estimate, or perhaps rather under it.

I do not think that I need lengthen this despatch by examining each minor item in detail. It will be sufficient to say that the expenditure shows a steady tendency to diminish. The cost of administration in 1885 (£ E. 1,975,265) was £ E. 96,990 less than in 1884 (£ E. 2,072,255). In 1886 (£ E. 1,852,431), it was less by £ E. 122,834 than in 1885. The estimates of 1887 (£ E. 1,845,716) were £ E. 6,715 less than the actuals of 1886.

This result is, I think, satisfactory. It shows that a strict watch is kept over expenditure, and is creditable to the officers whose duty it is to control that expenditure.

Several of the Departments whose expenditure figures in the Table given above are in a greater or less degree managed by European officials. I take this opportunity, therefore, of making some general observations on the subject of the employment of Europeans in Egypt. The details were fully discussed in my despatch of the 24th November, 1886, addressed to the late Earl of Iddesleigh.

I venture to hope that my claim to speak as an impartial authority on this subject will be admitted. In the sixteen years during which I have been concerned with Eastern Administrations, carried on partly through European and partly through native agency, I have, whether in India or Egypt, been a consistent supporter of the employment of natives in preference to Europeans in all cases when such a policy could be carried out without absolute detriment to the public interests concerned. I fully admit the objections to the employment of a large number of Europeans in the Egyptian service. More than this, I admit that, save in a few very rare and exceptional cases, there are not in Egypt, as in India, any political reasons why Europeans should be employed in preference to natives. Indeed, the contrary is the case. The view which has been consistently supported by successive Governments of Her Majesty is that, whenever a capable native can be found to fill any particular post he should be chosen in preference to a European. Further, I have no wish whatever to depreciate the value of the services rendered by many able native gentlemen to the Egyptian Government. When men such as Saba Bey, the head of the Post Office, or Yakub Pasha Artin, the able gentleman who presides over the Educational Department, can be found, by all means let them be employed in preference to Europeans of whatsoever nationality. I

attach but little importance to the fact that the former of these gentlemen is of Syrian, and the latter of Armenian extraction. For the purposes of the present argument, both are Egyptians in the ordinary acceptance of the word.

But when all that is possible has been said on this side of the question it still remains an undoubted fact that, in default of a sufficiently numerous and well-trained staff of native administrators, the European officials in the service of the Egyptian Government form the backbone of the Administration. Not only are almost all the reforms which have been accomplished in Egypt during the last few years due to their zeal, energy, and power of initiation, but also, I have no doubt whatever, that it would have greatly benefitted the people of Egypt if they had had greater power to carry out their views more fully. In proof of the truth of this statement I need only refer to the Department of Justice. In that Department there has been less European interference than in any other, and in that Department it is universally admitted that the least progress has been made.

Moreover, the employment of a certain number of Europeans has not only increased the efficiency of the Egyptian Administration, but I maintain, in contradistinction to the opinions which are very often heard on this subject, that their employment has resulted in a large saving of money. In connection with this subject I venture to draw your Lordship's attention to the very remarkable figures given in Sir E. Vincent's Memorandum, inclosed in my despatch of the 8th January, 1888. Sir Edgar Vincent shows that in the four years 1880-83, both inclusive, no less than 2,390 new civil employés, or an average of 598 a year, were engaged, whereas in the three years 1884-86, both inclusive, only 592 new employés, or an average of 197 a year, were engaged. The meaning of this is, in plain English, that when European control was not so influential as at present, employés were taken into the service on personal grounds and with but little regard for the requirements of the Administration or the condition of the finances, whereas now new employés are only engaged when they are wanted.

Criticisms are often made on the high salaries drawn by European functionaries in Egypt. As a matter of fact, there cannot now be more than a dozen European officials in the Egyptian Service, if so many, drawing a salary of over 2,000*l.* a year. By the end of 1888 all salaries, except those of the Egyptian Ministers, will be reduced to a maximum of 2,000*l.* a year.

It is perfectly true that by reason of the international engagements taken by the Egyptian Government, the number of highly-paid Europeans employed on the Commission of the Debt and in what are known as the Mixed Administrations (the Railways, *Daira*, and Domains) is somewhat greater than the work to be performed really necessitates. It is also true that the number of subordinate employés, both European and native, especially the latter, might, if the question of reduction could be regarded from a purely administrative and fiscal point of view, be with advantage reduced. But although it was perhaps wise on general and political grounds to reduce the high salaries, I am unable to agree in the opinion that this is the direction which it is desirable that reforms should generally take. Let the number of Europeans be reduced to the lowest limit possible, and let the greatest care be taken in the selection of individuals. But a long experience of Eastern Administration has led me to the conclusion that it is a mistake to place Europeans on low salaries in high positions. If a European is required at all it is worth the while of the Egyptian Government to pay almost any salary to acquire the services of a really competent man; and when it is considered that what Egypt generally requires is a man in middle life, who has already a career before him in his own country, it is obvious that, except by some happy accident, the services of such a man can only be obtained by offering an adequate salary. In Egypt much more depends on the individual than on the system. A very high standard of merit is expected from every European official here, and if he does not work up to that standard, he is criticized by the Egyptian Administration without much lenity. He must of necessity speak French well. In some positions, it is essential that he should speak Arabic. He must have special knowledge of his own branch of the Administration, and he must, further, have sufficient elasticity of mind to be able to apply the experience he has gained in other countries to the special circumstances of Egypt. He must be firm, yet conciliatory. He must be a man of tact and judgment. He must, to some extent, guide the Government he serves, and yet be subordinate to it. He must know when to yield, and when to insist on the adoption of his own views. In fact, he must have a combination of qualities and possess a knowledge of the world which it is not always easy to find in one individual, and is especially difficult to find amongst the departmental officers of any country who

have, for the most part, been trained in schools, which do not, in any great degree, develop the peculiar qualities required for success in Egyptian administration.

It would be an absurd exaggeration to say that every European officer employed in Egypt has performed all that was expected of him. Some have naturally been more able and successful than others. I am unwilling to make any invidious distinctions by mentioning names, but when I consider the difficulty of the tasks they have, as a body, had to perform, and the exacting nature of the demands made on them, I have no hesitation in saying that, generally speaking, I have been astonished at the amount of good work they have been able to get done. That most of them have saved to the State the amount of their salaries over and over again I have not the least doubt.

I have ventured to make these observations, because I cannot help thinking that the criticisms brought to bear on the employment of Europeans in the Egyptian service are often based on an imperfect acquaintance with the true facts of the case.

I return from this digression to the immediate matter in hand.

The following Table gives the details of the expenditure, under the head of "Dépenses des Administrations de Recettes," during the last four years:—

Head of Account.	1884.	1885.	1886.	1887	
				Estimates.	Accounts.
	£ E.	£ E.	£ E.	£ E.	£ E.
1. Chemins de Fer.	544,020	591,264	567,724	618,300	567,039
2. Chemins de Fer de Hérouan et Ligne et Port du Mex.	5,026	5,751	5,825	7,600	5,473
3. Télégraphes	41,650	42,876	43,827	42,000	38,824
4. Port d'Alexandrie	35,279	24,278	30,988	29,000	27,763
5. Postes	83,956	104,683	90,555	93,500	90,410
6. Paquebots-postes	99,242	107,421	106,405	105,840	99,978
7. Phares	26,410	28,016	25,361	31,238	25,651
8. Ports (autres que celui d'Alexandrie)	15,918	10,192	11,013	11,561	10,288
9. Hôtel des Monnaies	2,433	2,413	2,319	2,413	2,274
Total	851,954	916,924	884,297	941,452	869,700

It will be seen from this Table that the expenditure (£ E. 869,700) fell short of the estimate (£ E. 941,452) by £ E. 71,752. A portion of this discrepancy is, without doubt, due to the exclusion of the December salaries from the accounts of 1887. A further portion is due to the fact that the railway expenditure naturally varies in proportion to the revenue. The revenue (£ E. 1,296,568) fell short of the estimates (£ E. 1,372,000) by £ E. 75,432. The railway expenditure (£ E. 567,039) fell short of the estimates (£ E. 618,300) by £ E. 51,261.

It will be observed that the total estimated expenditure under this head (£ E. 941,452) was considerably in excess of that of any of the three previous years. The increase was entirely due to a high estimate of railway expenditure, which was taken at £ E. 618,300 in 1887 as compared to £ E. 544,020 in 1884, £ E. 591,264 in 1885, and to £ E. 567,724 in 1886. The actual expenditure in 1887 was only £ E. 567,039.

The following Table shows the expenditure under the head of "Sécurité Publique" during the last four years:—

Head of Account.	1884.	1885.	1886.	1887.	
				Estimates.	Accounts.
	£ E.	£ E.	£ E.	£ E.	£ E.
War	268,196	129,319	140,935	150,151	206,063
Police and Prisons	290,793	263,690*	265,806†	264,366	225,804
Army of Occupation	321,132	195,936	195,000	195,000	195,000
Total	880,121	588,945	601,742	589,517	636,867

* Besides £ E. 42,717 charged to the Loan account.

† " 49,200 " " "

The figures given under the head of "War" in this Table do not represent the total of the military expenditure in any of the three past years.

The following sums for military expenditure were charged to the Loan Account:—

	£ E.
1884	124,169
1885	362,336
1886	134,793
1887 (accounts)	

The figure of £ E. 130,151, given in the estimates, is that adopted in 1884 for a normal Budget under circumstances which, in respect to Soudan affairs, differ very greatly from those which at present exist. When the Budget was framed it was thought that the English Government would bear the charge in excess of the estimate. Subsequently the Egyptian authorities were informed that Her Majesty's Government would not bear this charge. Hence a larger portion of the total military expenditure was charged to the ordinary account. The accounts (£ E. 206,063) show an excess over the estimate (£ E. 130,151) of £ E. 75,912.

The police expenditure was kept well in hand, thanks mainly to the exertions of the late General Valentine Baker; but the discrepancy between the accounts (£ E. 235,804) and the estimates (£ E. 264,366), amounting to £ E. 28,562, is in a great measure due to the non-payment of the December salaries in 1887.

The expenses of the Army of Occupation figure for the sum (£ E. 195,000), at which they were fixed by the financial Convention of 1885.

Only a portion of the expenditure incurred under the head of "Soudan" during the last four years figures in the accounts of ordinary expenditure; the remainder has been charged to the Loan Account. The following Table shows the total expenditure, both ordinary and extraordinary:—

Year.	Ordinary.	Loan Account.	Total.
	£ E.	£ E.	£ E.
1884	110,000	485,241	595,241
1885	53,253	225,129	278,382
1886	26,163	94,765	120,928
1887 (accounts)	31,076	61,752	92,828

The Soudan expenditure has been a great drain on the resources of the Egyptian Government; it is satisfactory to observe that it is steadily decreasing. In 1885 it was £ E. 316,859 less than in 1884; in 1886, £ E. 157,454 less than in 1885; and in 1887 £ E. 28,100 less than in 1886.

I take this opportunity of making some general observations on the policy which has been pursued in connection with Soudan affairs since 1883. That policy has been severely criticized, not only in England, but also by writers on the Continent who speak with some authority. It is very generally held that Her Majesty's Government is responsible for the abandonment of the Soudan. I cannot admit the accuracy of this criticism. The responsibility of Her Majesty's Government appears to me to be limited to two points: (1) that they did not interfere to prevent the Egyptian Government from dispatching General Hicks' army to El Obeid in the autumn of 1883; and (2) that they would not employ English troops to reconquer the Soudan when the Egyptian Government, partly through a long course of misgovernment, and finally through the total defeat of its military forces, had lost the province.

The first point may be a fair subject for criticism. I cannot speak with any very special knowledge of this branch of the question, for I did not arrive in Egypt until General Hicks' army had already left Khartoum for El Obeid, and I am therefore not thoroughly acquainted with all the facts of the case. It is proverbially easy to be wise after the event, but I may say that, when I arrived in Egypt in September 1883, I found that every Egyptian authority anticipated an easy victory over the forces of the Mahdi. I speak advisedly of Egyptian as distinguished from English authorities, for at that time very little was known by the latter of Soudan affairs. Very few Englishmen had ever visited the Soudan.

As to the latter point, I do not conceive that any responsible authority would be prepared to maintain that it would have been wise for the English Government to have sent an army to reconquer, and possibly to enter into permanent occupation of the Soudan.

Looking to the interests of the provinces which have been abandoned, it may, perhaps—although I think the point is very doubtful—be a matter for some regret that they are deprived of whatever very limited amount of civilization the presence of an Egyptian Administration was able to impart to them. It is impossible to look back without the deepest regret to the valuable lives, not to speak of the treasure, that were spent—and I fear I must add wasted—in the recent Soudan campaigns. But of this I am well assured, that, however painful the crisis may have been, Egypt will ultimately have gained by the abandonment of the Soudan. I conceive that the British Government never performed an act more beneficial to Egypt than when, in the winter of 1883, they insisted on the Egyptian Government looking the facts of the situation fairly in the face. And the facts were these: that a long course of misgovernment had given a strength to the movement of a religious impostor which it would otherwise never have possessed, and that with the destruction of General Hicks' army the fortunes of the Egyptian Government in the Soudan were irretrievably ruined. If General Hicks' expedition had never been sent, a portion of the Soudan might still, for the time being, at all events, have been retained by Egypt. But, even under this supposition, it is quite conceivable that the same result would, sooner or later, have been achieved, although in some other form. The task undertaken by Egypt when the late Khedive extended his dominions to the centre of Africa was, in fact, one which would have taxed the strength of any Government. It was altogether above the strength of the Egyptian Government, which had neither the military resources, nor the money, nor the governing capacity to bring it to a successful issue. It is, of course, impossible to prove what is merely a conjecture; nevertheless, I wish to express my personal opinion, based on a somewhat long experience of Egypt and the Egyptians, that the overthrow of Egyptian rule in the Soudan was merely a matter of time. The whole system of government was so radically defective, the resources of the Egyptian Government were so limited, and the geographical difficulties of dealing effectively with any revolt were so great, that the first serious movement, such as that which received its impulse from the Mahdi, was sure to bring about its total collapse.

The authority of the Egyptian Government is now limited to the Valley of the Nile as far as Wady Halfa, and to Suakin. The restricted task which it now has to perform is more within the scope of its resources and administrative capacity than that of endeavouring to govern the remote regions which have been abandoned. It will now be able to devote itself exclusively to its primary duty of developing the resources and improving the administration of Egypt Proper. This task will probably afford an ample field for the labours of the present generation of Egyptians. Possibly, by a natural process, the provinces of the Soudan which more immediately adjoin Egyptian territory will in time again come under Egyptian influence. But, for the present, the true interest of Egypt is, not to endeavour to govern the Soudan, but to trade with the Soudan, and to exercise no direct interference with the government of that country.

I return from this digression to a consideration of the accounts for 1887.

A considerable portion of the expenditure under the head of "Pensions" has, during the last two years, been charged to the Loan Account. The following Table shows the expenditure, both ordinary and extraordinary, under this head since 1884:—

Year.	Ordinary.	Extraordinary.	Total.
	£ E.	£ E.	£ E.
1884	460,328	..	460,328
1885	481,756	25,746	507,502
1886	484,803	110,496	595,299
1887 (accounts)	418,836	90,000	508,836

The Pension charge has been a very great drain on the resources of the Egyptian Government. The laws which were framed in past years, and which have only recently begun to produce their full effect, were far too liberal; the number of employes engaged was excessive; recent events in the Soudan have contributed to swell the Pension List to an extraordinary degree. The expenditure fixed in the Budget on which the Convention of 1885 was based was £ E. 457,000. The actual expenditure of 1885 was £ E. 507,502, being £ E. 50,502 in excess of the Convention figure, and £ E. 47,174 in excess of the actual expenditure of 1884 (£ E. 460,328).

In 1886 the expenditure rose to no less than £ E. 595,299, being £ E. 87,797 in excess of the expenditure of 1885 and £ E. 138,299 in excess of the Convention figure.

In 1887 a capital sum of about £ E. 425,000, for which provision had been made in the Guaranteed Loan, was applied to the commutation of pensions into Domains lands and lands belonging to the Government. Fresh pensioners came on to the list, but the general result was that the expenditure fell to £ E. 508,836, being £ E. 86,463 less than the expenditure of 1886, but still £ E. 51,836 in excess of the Convention figure (£ E. 457,000). It is, however, to be remembered, for purposes of comparison, that the 1887 expenditure should be increased by about £ E. 40,000, owing to the December pensions not having been paid till January 1888.

The following Table shows the number of pensioners at the time the Budget for 1888 was prepared as compared with 1887:—

	1887.	1888.	1888 more than 1887.	1888 less than 1887.
1. Pensions pour services rendus à l'État concédées en vertu des Règlements	12,147	12,593	446	..
2. Pensions concédées en vertu d'ordres supérieurs	981	973	..	8
3. Allocations pour terres cédées à l'État	3,574	3,544	..	30
4. Subventions aux employés indigents	264	291	27	..
5. Pensions des officiers en disponibilité	386	232	..	154
Total	17,352	17,633	473	192
			+ 281	

It will be seen from this Table that the number of officers on half-pay was diminished during 1887 by 154. These passed to the Pension List, thus effecting an economy.

The total number of officials in receipt of pensions or half-pay increased during the year from 17,352 to 17,633, a net increase of 281. Thus, whilst the numbers increased, the total charge diminished. The explanation is that, whilst the new pensions accorded were mostly for small sums, the commutations effected dealt mainly with the high pensions.

There are still a number of outstanding claims to pensions which remain to be settled, but there is some reason to believe that the maximum charge on the Treasury has now been nearly reached.

The following Table shows the detail of the expenditure under the head of "Tribut et Dette Non-Consolidée" during the last four years:—

Head of Account.	1884.	1885.	1886.	1887.	
				Estimates.	Accounts.
	£ E.	£ E.	£ E.	£ E.	£ E.
1. Tribut de l'Égypte	678,182	678,397	678,397	678,397	678,203
2. Intérêts sur les actions du Canal de Suez	193,858	174,473	174,473	193,858	193,858
3. Daira Khassa	34,000	34,000	34,000	34,000	34,000
4. Annuité de la Moukabala	150,000	150,000	150,000	150,000	150,195
5. Intérêts sur dette flottante et frais de charge	*	*	*	10,000	5,995
6. Défaut de Domaines de l'État	173,770	269,122†	160,571‡	200,000	85,890
7. Défaut de la Daira Sanieh	194,476	188,430†	253,604‡	200,000	173,365
Total	1,424,286	1,488,422	1,451,045	1,466,255	1,321,506

The expenditure under the heads of Tribute, Daira Khassa, and Moukabala represent fixed charges, which do not at present call for any special remark.

The same may be said of Suez Canal interest, with the qualification that in 1885 and 1886 the charge was temporarily decreased by reason of the 5 per cent. deductions made in virtue of the Convention of 1885.

* Charged under other heads in these years.

† Exclusive of £ E. 18,780, representing the deduction made from the coupon.

‡ Exclusive of £ E. 16,933, representing the deduction made from the coupon.

The entry "Intérêts sur dette flottante et frais de charge" is somewhat misleading. Egypt has at present no floating debt. The expenditure merely represents the cost of remittances to Europe and the net result of the interest account with the various banks with which the Egyptian Government transacts business. It will be seen that the total charge in 1887 amounted to £ E. 5,995, or £ E. 4,005 less than the estimate (£ E. 10,000).

The Domains and Daira deficits are amongst the most important and at the same time the most variable of the entries on the Expenditure side of the account.

Both depend mainly on the prices of agricultural produce, especially cotton, in the case of the Domains, and sugar in the case of the Daira.

In 1885 the Domains deficit was no less than £ E. 281,902. In 1886 it fell to £ E. 179,351, being £ E. 102,551 less than in 1885. The estimated deficit for 1887 was £ E. 200,000. It will be seen that, according to the Accounts, the deficit only amounted to £ E. 85,890. The large difference between the Estimates and Accounts, amounting to £ E. 114,110, is in a great measure due to the change in the method of accounting for the Domains deficit, which I have already explained. At the same time, I am informed that when the Domains accounts for the year 1887 are finally made up it is probable that the total deficit for the year will not amount to more than £ E. 145,000, or £ E. 55,000 less than the original estimate.

It is, therefore, satisfactory to note that since 1885 the Domains deficit has steadily decreased. If the arrangement now in course of negotiation for the commutation of some portion of the allowances granted to the Khedivial family, as also the further commutation of pensions, are brought to a successful issue, it is not unreasonable to hope that the Domains deficit will be still further reduced.

The difference between the Daira deficit in 1884 (£ E. 194,476) and that in 1885 (£ E. 205,363) amounted to £ E. 10,887. In 1886 a heavy fall took place in the price of sugar, with the result that the deficit rose to £ E. 270,337. The estimated deficit for 1887 was £ E. 200,000. The accounts show a deficit of £ E. 173,365, being £ E. 26,635 less than the estimate. But here again, owing to the change in the method of accounting, a portion of the deficit of 1887 will fall on to the accounts of 1888. I am told that, when the accounts are finally closed, the deficit will probably amount to about £ E. 230,000, or £ E. 30,000 more than the original estimate (£ E. 200,000).

There has recently been a considerable rise in the price of sugar, but the Egyptian Treasury will not reap the full benefit of this rise until 1889. In April 1889 the deficit of the year 1888 will have to be made good.

The following Table gives the detail, under the head of "Dépenses Rémunératrices et Imprévues," for the last four years:—

Head of Account.	1884.	1885.	1886.	1887.	
				Estimates.	Accounts.
	£ E.	£ E.	£ E.	£ E.	£ E.
Pétrole	..	6,387	67,725	30,000	32,374
Nouveaux impôts	..	..	..	15,000	7,028
Recrutement	..	..	..	10,000	..
Dépenses imprévues	..	†	†	10,000	†
Total	..	6,387	67,725	65,000	39,402

It will be seen from the above Table that during the last three years the Egyptian Government has spent £ E. 106,486 in boring for petroleum at Jebel Zeit, on the western shore of the Red Sea. There appears to be little doubt that petroleum exists in the neighbourhood of Jebel Zeit, and the Egyptian Government was, perhaps, justified in incurring some expenditure, with a view to seeing whether the industry could be developed. I fear, however, that the expenditure has been somewhat excessive, and it is quite certain that up to the present time, although borings have been made to a very great depth, it has been wholly unproductive. The expenditure has now been greatly reduced, and a capable petroleum expert (Colonel Stewart) is engaged in visiting the locality, with a view to advising as to what further action, if any, is necessary.

* This expenditure appears in the accounts under the head of "War."

† In the accounts the unforeseen expenditure appears under the special head in respect to which it was incurred.

The entry of £ E. 7,028 in the accounts for 1887, under the head of "Nouveaux Impôts," represents the expenditure incurred in collecting the house-tax recently imposed on Europeans.

The entry of £ E. 10,000, which occurs in the estimates of 1887 under the head of "Recrutement," represents the expenditure which it was anticipated would be incurred in connection with recruiting for the army.

The expenditure under the head of "Suppression partielle de la Corvée" during the last four years was as follows:—

	£ E.
1885	24,243
1886	265,802
1887 (estimates)	250,000
1887 (accounts)	237,425

It will be remembered that, when the Financial Convention was framed, it was proposed to reduce the land-tax. Eventually, after a good deal of discussion, it was decided that, instead of reducing the land-tax, relief from taxation should take the form of a partial abolition of the Corvée. The normal expenditure under this head was fixed at £ E. 250,000. It will be observed that the expenditure in 1886 (£ E. 265,802) was £ E. 15,802 in excess of the normal figure, whilst that in 1887 (£ E. 237,425) was £ E. 12,575 less than the normal figure.

I need only add that this reform has been of great benefit to the people of Egypt, and that it is greatly to be hoped that before long it will be found possible to abolish completely the system of forced labour for clearing out the canals.

It is unnecessary that I should give all the details of the expenditure under the head of "Services de la Dette Consolidée." The following Table, however, shows the total expenditure under this head during the last four years:—

	£ E.
1884	3,343,477
1885	3,292,001
1886	3,499,203
1887 (accounts)	3,577,714

The expenditure of 1885 was less than that of 1884, because in 1885 the full coupons were not paid, and, moreover, only a portion of the annuity on account of the Guaranteed Loan had to be paid, the loan having been issued during the currency of the year.

The expenditure of 1886 was greater than that of either 1884 or 1885, because, although the deductions were still made from the coupons, a full annuity on the Guaranteed Loan, amounting to £ E. 307,125, had to be paid.

The expenditure of 1887 was greater than that of any of the three previous years, because whilst in 1886 a full coupon had to be paid on the Guaranteed Loan, no deductions were made from the interest on the other portions of the Consolidated Debt.

The figure of £ E. 3,577,714 represents the normal charge for debt and sinking funds.

I have now completed my examination of the expenditure for the year 1887. The conclusions at which I arrive are as follows:

1. The expenditure was kept well under control, and was not allowed to exceed the estimates. The Finance Committee has worked well, and without more friction than is to be expected between the spending Departments and the Department which controls expenditure.

2. In round figures, the ordinary expenditure of the Egyptian Government may, under present circumstances, be taken at £ E. 4,700,000 for administrative services, £ E. 1,300,000 for tribute and non-consolidated debt, and rather less than £ E. 3,600,000 for consolidated debt, making a total of about £ E. 9,600,000. This is about equal to the revenue. Financial equilibrium is therefore just maintained.

Extraordinary Expenditure of 1887.

I have so far only dealt with ordinary expenditure. Unfortunately, in 1887, there was, as in the three previous years, an amount of extraordinary expenditure incurred, which has to be taken into account before any general conclusions can be arrived at as regards the financial situation. A sum of £ E. 286,545* was charged

* On reference to the Account (C) annexed to this despatch, and entitled "Comptes et Ressources Extraordinaires du Gouvernement Égyptien," it will be seen that a sum of £ E. 266,175 on account of "Versements faits par le Gouvernement Anglais" was deducted from this figure of £ E. 286,545. This receipt really belongs to the year 1886, but, as payment was not made till the commencement of the year 1887, the transaction naturally appears in the Egyptian accounts of the latter year.

to the Loan Account in 1887, as compared to £ E. 616,797 in 1886, £ E. 392,915 in 1885, and £ E. 485,241 in 1884. The detail of the figures for 1887 is as follows:—

	£ E.
War	134,793
Soudan	61,752
Pensions	90,000
Total	286,545

The expenditure under the head of "Soudan" (£ E. 61,752) is of an abnormal character. When the Convention of 1885 was framed it was anticipated that a large expenditure would be thrown on the Egyptian Government by reason of the evacuation of the Soudan. A sum of £ E. 1,000,000 was provided in the Guaranteed Loan to meet this expenditure.

The expenditure under the head of "War" (£ E. 134,793) and of "Pensions" (£ E. 90,000), making a total of £ E. 224,793, is of a different character. It is ordinary expenditure in this sense of the word that some portion of it, at all events, will recur. If financial equilibrium is to be preserved, this expenditure must be reduced, or means must be found to include it in the ordinary accounts and estimates. I think, therefore, that in order to arrive at any accurate conclusions with reference to the financial result for 1887, for purposes of forecasting the financial future, this sum of £ E. 224,793 must be added to the ordinary expenditure.

Guaranteed Loan Account.

I would now draw your Lordship's attention to the statement (D) attached to this despatch, which shows the position of the Guaranteed Loan Account at the end of December 1887.

That statement shows that the Convention of 1885 authorized extraordinary expenditure to the extent of £ E. 10,120,074. Of this amount £ E. 8,878,129 has been spent, leaving an unspent balance of £ E. 1,250,945. This unspent balance is distributed as follows:—

	£ E.
Deficit of 1884, which was less than the original estimate by	23,680
Soudan	165,818
Irrigation	520,285
Working balance	500,000
Commutation of pensions	41,162
Total	1,250,945

I venture to draw your Lordship's particular attention to the fact that the whole of the working balance for which provision was made at the time of the loan, amounting to £ E. 500,000, is still available.* It is most satisfactory to note that there has been no necessity to draw on this balance in order to meet current expenditure.

Of the total sum of £ E. 1,250,945 only £ E. 740,165 exists in cash. When the amount of the loan was fixed credit was taken for the value of the saleable lands belonging to the Egyptian Government, which thus constituted one of the assets of the loan. Some of the lands have been sold with fairly satisfactory results. Those which remain on the hands of the Government must be sold for a sum not less than £ E. 510,780 in order to balance the accounts of the loan. A good deal of difference of opinion exists amongst competent authorities as to the real value of these lands. Whatever be their value, it is certain that, in order to sell them to advantage, they must be got rid of gradually. The surveys of some of the land are not complete, and to force them all on the market at once would be a very unwise proceeding.

The result of this state of things is that there is a temporary deficit in the loan funds of about £ E. 500,000. The Egyptian Government propose to borrow this money, and to apply the sale proceeds of the lands, as the money comes in, to the reduction of debt, or in such other manner as may be agreed upon with the Commissioners of the Debt. I think this is the best course they can adopt.

The only other way out of the difficulty would be either to draw on the working balance of £ E. 500,000, which would cause the utmost inconvenience, and, indeed,

* It will be seen that at the bottom of Account (D) the "Fonds de Trésorerie à la disposition du Gouvernement" is stated at £ E. 419,196, which sum is included in the Government cash balance. The Government has not found it necessary to draw the whole £ E. 500,000 from the Caisse. The balance (about £ E. 80,000) is in the hands of the Commissioners of the Debt, and is included in Account (D) in the £ E. 320,969, under the head of "Solde disponible sur les Fonds du Nouvel Emprunt."

would also probably involve borrowing in the form of an overdrawn banker's account, or to stop the irrigation works, a proceeding not to be thought of for one moment.

Amount of Debt at the end of 1887.

Statement (E), attached to this despatch, shows that at the beginning of the year 1887 the Public Debt of Egypt, including the Guaranteed, Preference, Unified, Domains, and Daïra Loans, amounted to £ E. 103,602,680. Debt to the extent of £ E. 574,680 was redeemed during the year, leaving the capital of the debt at the end of the year at £ E. 103,028,000.

The most noticeable feature in the statement is that the Domains loan has been diminished by £ E. 444,380 during the year. This was mainly due to the commutation of pensions into Domains land.

General Financial Results of the Year 1887.

I have thus examined the Cash Account and the Account of Revenue and Expenditure, both ordinary and extraordinary, for 1887. I have shown the position of the Guaranteed Loan Account. I have stated the capital of the debt at the beginning and at the close of the year.

I am now in a position to state the general result of the year's finance.

I have stated that the revenue was £ E. 9,616,358, and the ordinary expenditure £ E. 9,191,483, thus leaving a surplus of £ E. 424,875.

I have on a previous occasion (see my despatch of the 31st March, 1887) explained the extremely complicated nature of the account, which has to be made up between the Egyptian Government and the Commissioners of the Debt before the precise amount of the surplus at the disposal of the Egyptian Treasury can be ascertained. I need not repeat those explanations. It will be sufficient for me to refer your Lordship to the elaborate calculation made in the Memorandum (B) attached to this despatch. That Memorandum shows that, after applying £ E. 356,417 to the creation of a Reserve Fund, which will be left in the hands of the Commissioners of the Debt, and after settling the accounts in the very cumbersome manner prescribed by the Convention of 1885, there remained a surplus of £ E. 103,071 to be divided equally between the Egyptian Government and the Commissioners of the Debt. The former will, therefore, receive £ E. 51,535, and the Commissioners of the Debt will apply a similar amount to the Reserve Fund.

The results of the year may, therefore, be summarized as follows:—

1. The cash balance of the Egyptian Government (exclusive of that held by the Commissioners of the Debt) increased during the year by about £ E. 364,000. This increase was, in a great measure, due to the changes in the forms of account, which I have already explained.

2. The revenue was £ E. 9,616,000, and the ordinary expenditure £ E. 9,191,000, leaving a surplus on the ordinary account of £ E. 425,000.

3. This surplus was to the extent of about £ E. 340,000 due to changes in the forms of account.

4. The surplus has been applied, to the extent of about £ E. 356,000, to the creation of a Reserve Fund in order to meet future emergencies.

5. After making up the accounts between the Government and the Commission of the Debt in the manner prescribed by the Convention of 1885, and after setting aside £ E. 356,000 for the Reserve Fund, there remains a surplus of £ E. 103,000. Of this, one-half (£ E. 51,000) will go to swell the available cash balance with which the Government commences the year 1888, and the other half will be paid by the Commissioners to the Reserve Fund.

6. Extraordinary expenditure, to the extent of £ E. 286,000, was incurred on account of War, Pensions, and Soudan during the year, and charged to War Funds. This amount, though considerable, was less than the amount of extraordinary expenditure incurred under the same heads in 1886 (£ E. 617,000), 1885 (£ E. 392,000), or 1884 (£ E. 485,000). It was made up of the following items:—

	£ E.
War	135,000
Soudan	62,000
Pensions	90,000
	286,000

7. If the extraordinary expenditure on account of War and Pensions, amounting in all to £ E. 225,000, be added to the ordinary expenditure, the Revenue and Expenditure Account of the year would stand as follows:—

	£ E.
Revenue	9,616,000
Expenditure	9,416,000
Surplus	200,000

Had this system been adopted, the result would have been, not that a deficit would have been incurred, but that, in making out the accounts between the Government and the Commissioners of the Debt, the Reserve Fund would have been reduced.

8. The total expenditure under all heads debited to the Loan Account during the year was £ E. 892,000. The unspent balance of the Guaranteed Loan Account amounted at the end of the year to £ E. 1,251,000, of which £ E. 740,000 in cash, and £ E. 511,000 in lands.

9. The capital of the outstanding debt was reduced during the year by £ E. 575,000, the reduction being principally due to conversion of pensions into Domains lands.

10. No new floating debt was commenced. Not only does the working balance provided by the Guaranteed Loan of 1885, and amounting to £ E. 500,000, remain intact, but that balance has further been increased by reason of the surplus of 1886 (£ E. 23,000) and the surplus of 1887 (£ E. 51,000).

Such, therefore, are the main financial results of the year. I venture to think that they may be regarded as satisfactory. The financial position of the future has been strengthened by the creation of a Reserve Fund, amounting in all to about £ E. 400,000. No fresh floating debt has been incurred. This latter point is, in my opinion, the most prominent feature of the year's finance. The Financial Department of the Egyptian Government has many difficulties with which to contend. It will take time to solve all these difficulties. But, so long as no new floating debt is commenced, it may be said, with perfect accuracy, that the position of the Egyptian Treasury is, for the time being, solvent. The prevention of such a debt has been the main object which the Financial Department has sought to attain, and it is satisfactory to learn that they have not only succeeded in so far as the past year is concerned, but that they have also put aside a considerable sum, which will materially diminish the risk of any floating debt being incurred in the future.

This satisfactory result does credit to Sir Edgar Vincent, Mr. Palmer, and Blum Pasha, to whose exertions it is mainly due.

I take this opportunity also of rendering testimony to the help afforded to the Egyptian Government by the Commissioners of the Debt, whose friendly attitude and intelligent support has greatly contributed to the steady improvement which is visible in the financial situation.

Lastly, I should observe that the financial results of the year appear to me to justify the decision at which the Egyptian Government arrived last spring, namely, that they would resume full payment of the interest on the debt rather than, by stating their inability to pay, set in motion so cumbersome and objectionable a machinery as an International Commission. Such a Commission Nubar Pasha, speaking in the name of the Egyptian Government on the 7th November, 1887, said "ne pourrait avoir que des conséquences désastreuses pour nous."

Budget of 1888.

The Budget of 1888 is as follows:—

	£ E.
Revenue	9,600,000
Expenditure	9,576,000
Surplus	24,000

I proceed to the examination of these figures with a view to ascertaining the extent to which it may be expected that the anticipations now made will be realized.

Estimates of Revenue, 1888.

The Estimates of Revenue amount to £ E. 9,950,000, but a deduction of £ E. 350,000 on account of "non-valeurs" (irrecoverable taxes) brings down the net

figure to £ E. 9,600,000. The Financial Department has furnished me with a statement showing the manner in which this sum of £ E. 350,000 is distributed amongst the several heads of revenue.

For facility of comparison with the accounts of 1887 the "non-valeurs" have, in the subjoined Table, been deducted separately from each head of account:—

Head of Account.	1887 Accounts.	1888 Estimates.	Estimates, 1888, more than Accounts, 1887.	Estimates, 1888, less than Accounts, 1887.
	£ E.	£ E.	£ E.	£ E.
I. Contributions Directes	5,468,931	5,411,000	..	57,931
II. Contributions Indirectes	1,741,624	1,880,000	138,376	..
III. Revenus des Administrations de Recettes ..	1,788,829	1,753,560	..	35,269
IV. Recettes des Services Administratifs ..	894,041	410,000	15,959	..
V. Location et produit des propriétés du Gouvernement	83,673	60,000	..	23,673
VI. Recettes du Gouvernement de Souakin ..	15,100	15,440	340	..
VII. Retenue sur les traitements du personnel ..	47,010	70,000	22,990	..
VIII. Prix des terrains cédés à la Compagnie du Canal de Suez	77,150	..	..	77,150
Total	9,616,358	9,600,000	177,665	194,023
			— £ E. 16,358	

It will be seen that the estimate under the head of "Contributions Directes" (principally land-tax) is taken at about £ E. 58,000 less than the revenue actually collected in 1887. This is a very moderate figure. Considering that the exceptionally high Nile of 1887 will affect the agricultural position of 1888 favourably, I should think that there was a very fair prospect that the estimate would be exceeded.

The following Table will enable a comparison to be made between the Accounts of 1887 and the Estimates of 1888 (after deduction of "non-valeurs") under the head of "Contributions Indirectes":—

Head of Account.	Accounts, 1887.	Estimates, 1888.	Estimates, 1888, more than Accounts, 1887.	Estimates, 1888, less than Accounts, 1887.
	£ E.	£ E.	£ E.	£ E.
1. Douanes	936,676	1,020,000	93,324	..
2. Octrois	305,888	310,000	4,112	..
3. Sel et natron	209,624	210,000	376	..
4. Pêcheries	82,443	70,000	..	12,443
5. Droits de navigation	75,555	75,000	..	555
6. Timbres et enregistrement	51,920	100,000	48,080	..
7. Droits divers	79,518	85,000	5,482	..
Total	1,741,624	1,880,000	151,574	12,998
			+ 138,376	

The estimates under the heads of "Salt" and "Navigation Dues" do not call for any remark. They are based on the actual receipts of 1887.

"Octroi" is taken at about £ E. 4,000 more than in 1887. This estimate may be realized. The revenue in 1884 was over £ E. 309,000.

"Fisheries" have been taken at about £ E. 12,000 less than in 1887, as it is believed that the effect of some of the irrigation works now in progress will be to interfere with this branch of revenue.

The receipts under the head of "Miscellaneous" ("Droits divers") vary considerably from year to year. In 1888 they are estimated to yield about £ E. 5,000 more than in 1887. I need not examine this figure in detail.

The principal differences, however, are under the head of "Customs" and "Stamps and Registration." The former is expected to yield about £ E. 93,000 and the latter about £ E. 48,000 more than in 1887.

The increased Customs estimate is due to the belief that the measures recently taken in connection with the taxation of tobacco grown in Egypt will largely increase the importation of Turkish and Greek tobacco, and therefore increase the revenue derived from Customs.

On this subject I beg to refer your Lordship to the inclosures in my despatch No. 3 of the 2nd January, 1888. I will here only state very briefly the main facts of the case.

Greek and Turkish tobacco imported into Egypt, and mostly smoked in the form of cigarettes, has heretofore paid a duty of P. T. 12½ per oke.*

Lands growing native tobacco, which is of inferior quality, have, until quite recently, paid a special tax of P. T. 250 per feddan (acre), and an octroi duty of P. T. 3 an oke, which latter, however, was very generally evaded.

The average production of a feddan may be taken at 250 okes, which, indeed, is a low estimate. Hence the special land-tax was equal to P. T. 1 per oke, which, if the "octroi" duty be added, is increased to P. T. 4 per oke.

It is clear from this statement that native tobacco was heavily protected. The result was that the area under cultivation increased. Native tobacco was mixed with foreign tobacco, and the mixture was sold in Egypt, or exported to Europe, as genuine Turkish tobacco.

This state of things gave rise to many complaints.

The consumers of what are generally called Egyptian cigarettes—although the tobacco purports to come from Turkey—complained of the inferior quality of the tobacco sold to them. Thus there was a danger that Egypt would lose this very important trade.

The importers of foreign tobacco complained that competition was impossible in the face of the heavy protection afforded to native tobacco.

The Turkish Régie complained that the interests which they represent were suffering, and the Turkish Government was inclined to maintain that the manner in which the Egyptian Government had dealt with the tobacco question was not in accordance with the spirit or the text of the Firmans.

Further, the Egyptian Government saw a very important portion of its Customs revenue slipping away from it, for the increased production and consumption of native tobacco naturally checked the import of foreign tobacco.

Under these circumstances, it was decided, with the full assent of the Legislative Assembly, who raised no objection to the scheme, to do away with the "octroi" duty of P. T. 3 an oke, and to raise the duty on lands growing tobacco from £ E. 2½ to £ E. 30 per acre.

This will bring the tax on native tobacco up to about P. T. 12 an oke, or slightly less than the rate charged on imported tobacco.

Since the Estimates were framed an arrangement has been entered into with the Turkish Régie under which the Egyptian Customs authorities will collect the duty now paid at Turkish ports on tobacco exported to Egypt. Also, at the instance of both the Turkish and Greek Governments, measures have been taken to prevent Turkish tobacco being exported to a foreign port and then re-exported to Egypt. Further information on this subject is given in my despatch No. 3, Commercial, of the 3rd February, 1888.

Under all these circumstances the Customs estimate may be realized, although the large stock of tobacco already in the country may delay the Customs administration for a time from reaping all the benefits likely to accrue from the measures now taken.

Turning to the estimate under the head of "Timbre et Enregistrement," I have to observe that no allowance has been made for the increased revenue which, it may be expected, will be received when the payment of the stamp duty is extended to Europeans. The Powers assented in principle to the payment of this tax by Europeans so long ago as 1885. A draft Law is now under their consideration, and it is to be hoped that in the course of the year the negotiations on this subject will be brought to a close.

It is, however, proposed to introduce a new law of registration and succession. Credit is taken in the Estimates for increased receipts to the extent of £ E. 50,000, which, it is thought, will result from the operation of the new Law. A Commission is now sitting to prepare the Law. I have not as yet seen the draft Law, and am, therefore, unable to express any opinion as to its provisions. But I may observe that the estimate of £ E. 50,000 must be somewhat conjectural, and that, inasmuch as it will

* 2½ lbs.

certainly be some little while before the new Law can be passed, it is probable that, during the current year at all events, the actual revenue will fall short of the estimate.

On these grounds I am inclined to think the estimate of £ E. 1,880,000 under the head of "Contributions Indirectes" is somewhat strained.

The following Table will enable a comparison to be made, under the head of "Revenus des Administrations de Recettes," between the actual receipts of 1887 and the Estimates of 1888, after deduction of "non-valeurs":—

Head of Account.	Accounts, 1887.	Estimates, 1888.	Estimates, 1888, more than Accounts, 1887.	Estimates, 1888, less than Accounts, 1887.
	£ E.	£ E.	£ E.	£ E.
1. Chemins de Fer	1,296,558	1,300,000	3,442	..
2. Chemin de Fer de Hérouan	9,484	9,210	..	274
3. Télégraphes	34,891	35,000	109	..
4. Port d'Alexandrie	111,422	95,350	..	16,072
5. Postes	122,110	110,000	..	12,110
6. Paquebots-postes	116,907	110,000	..	6,907
7. Phares	89,067	85,000	..	4,067
8. Ports (autres que celui d'Alexandrie)	3,471	3,440	..	31
9. Hôtel des Monnaies	5,150	5,500	440	..
Total	1,788,829	1,753,000	3,951	30,220
			— 35,261	

All these Estimates are very moderate; and, indeed, some of them (Port of Alexandria, Post Office, Postal Steamers, and Lighthouses) appear somewhat unnecessarily low.

The following Table will enable a comparison to be made, under the head of "Recettes des Services Administratifs," between the Accounts of 1887 and the Estimates of 1888:—

Head of Account.	Accounts, 1887.	Estimates, 1888.	Estimates, 1888, more than Accounts, 1887.	Estimates, 1888, less than Accounts, 1887.
	£ E.	£ E.	£ E.	£ E.
1. Ministère de la Justice	280,348	310,000	29,652	..
2. Produit du Rachat du Service Militaire	28,100	70,000	41,900	..
3. Recettes des divers Ministères*	85,593	50,000	..	35,593
Total	394,041	430,000	71,552	35,593
			+ 15,959	

* Including "Produits du Rachat des Prestations."

It is proposed to raise the scale of fees in the native Courts to the level of those in the Mixed Courts. A sum of £ E. 25,000 has, therefore, been allowed in the Estimates for 1888 for the increased revenue which it is anticipated will result from the adoption of this measure. The proposal has been accepted by the Egyptian Government, but nothing has as yet been done towards bringing the new scale into force. Under these circumstances it is probable that the revenue under this head will fall short of the estimate.

It will be seen that the estimate under the head of "Produit du Rachat du Service Militaire" is taken at £ E. 70,000, being £ E. 41,900 in excess of the actual receipts of 1887 (£ E. 28,100).

The explanation of this figure is as follows: Hitherto it has been the practice to make up the lists of young men liable for military service every five years. Exception has, on very solid grounds, been taken to this system by the military authorities. It is now proposed to make up the lists annually. An incidental result of this change of system will be that the receipts under the head of "Produit du

Rachat Militaire," instead of being very large every fifth year and very small during the intermediate periods, will be tolerably constant each year. This proposal has been accepted by the Council of Ministers, but nothing has as yet been done to put it into force. It is therefore probable that the actual revenue under this head will fall short of the estimate.

The receipts under the head of "Recettes des divers Ministères" vary greatly. The estimate for 1888 (£ E. 30,000) is low, being £ E. 55,593 less than the actual receipts of 1887 (£ E. 85,543). It may very probably be exceeded.

The revenue under the head of "Location et Produits des Propriétés du Gouvernement" are taken at £ E. 60,000. The actual receipts in 1887 amounted to £ E. 83,673. The diminution (£ E. 23,673) is due to the gradual sale of the Government lands.

"Recettes du Gouvernement de Souakin" (£ E. 15,440) are taken at about the same figure as in 1887 (£ E. 15,100).

The estimate under the head of "Retenue sur les Traitements du Personnel" amounts to £ E. 70,000 as compared to actual receipts of £ E. 47,010 in 1887. The difference is due to the fact that under the new Pension Law the rate of deduction from salaries is increased from 3½ to 5 per cent.

I have thus gone through all the principal heads of Revenue. Looking at the Revenue estimate as a whole (£ E. 9,600,000), it will be observed that it is about £ E. 16,000 less than the actual receipts of 1887. On the one hand, the exceptional receipt of £ E. 77,150 from the Suez Canal Company in 1887 swelled the Revenue of that year. On the other hand, the measures proposed in respect of tobacco, registration, judicial fees, and recruitment bring up the Revenue of 1888.

The general conclusion at which I arrive is that the Estimates are throughout moderate, and that if effect is given to the proposals in connection with judicial fees and recruiting, and if no great delay takes place in passing the new Registration Law, the revenue should certainly not fall short of the estimate, and will very probably exceed it. If, on the other hand, effect is not given to those proposals, the estimate may be considered high, to the extent, perhaps, of some £ E. 50,000.

Ordinary Expenditure of 1888.

The estimate of ordinary expenditure for 1888 amounts to £ E. 9,576,000. This is £ E. 384,517 more than the actual expenditure of 1887, but I have already pointed out that two important changes in the forms of account materially affected the expenditure of 1887, and this renders a comparison between the Estimates of 1888 and the Accounts of 1887 of little value.

The estimate is about £ E. 174,000 in excess of the actual expenditure of 1886 (£ E. 9,402,529).

The following Table shows how the expenditure is distributed:—

	£ E.
1. Liste Civile, &c.	358,100
2. Frais d'Administration et de Perception	1,835,222
3. Dépenses des Administrations de Recettes	878,042
4. Sécurité publique	645,868
5. Soudan	19,588
6. Pensions	575,000
7. Tribut et Dette Publique	4,994,180
8. Dépenses imprévues	10,000
9. Dépenses rémunératrices	10,000
10. Suppression partielle de la Corvée	250,000
Total	9,576,000

The estimate of £ E. 358,100 under the head of "Liste Civile, Allocations et Cabinet de Son Altesse le Khédive" does not call for any special remarks. The amount is the same as in previous years.

The expenditure under the head of "Frais d'Administration et de Perception" is taken at £ E. 1,835,222. This is £ E. 17,209 less than the expenditure of 1886 (£ E. 1,852,431), £ E. 140,043 less than the expenditure of 1885 (£ E. 1,975,265), and £ E. 237,033 less than the expenditure of 1884 (£ E. 2,072,255). It is scarcely necessary that I should enter into the details of this estimate.

The estimate of expenditure under the head of "Dépenses des Administrations de Recettes" is taken at £ E. 878,042. This is £ E. 6,255 less than the actual expenditure of 1886, £ E. 38,882 less than the expenditure of 1885, but £ E. 26,108 more than the expenditure of 1884.

The principal item under this head (No. 3) is Railways. In this case the expenditure naturally varies with the Revenue.

It was contemplated at the time the Convention of 1885 was framed that the maximum expenditure on the railways would be 45 per cent. of the receipts. During recent years the expenditure has been on a considerably lower scale, with the result that a considerable deterioration has taken place in the permanent way and rolling stock. Colonel Marindin and Mr. Farrer, who made a full report on the railways last year, recommended that for some time to come the full 45 per cent. of the gross receipts should be expended in order to get the railways into good working condition. The estimate of the Egyptian Government was, however, based upon the expenditure of £ E. 24,000 less than the proportion of 45 per cent. of the gross receipts. Since the estimate was framed the matter has been reconsidered, and it has been decided—wisely, in my opinion—not to endeavour to economize in this direction. The result is that this estimate will probably be exceeded by £ E. 24,000.

The estimate under the head of "Sécurité Publique" amounts to £ E. 645,868. It is made up of the following items:—

	£ E.
War	309,213
Police and Prisons	239,155
Army of Occupation	97,500
Total	645,868

The estimate under the head of "War" (£ E. 309,213) includes the whole of the military expenditure. There is not, as during the last three years, any Budget of extraordinary military expenditure. The estimate is £ E. 55,725 more than the actual expenditure of 1885 (£ E. 253,488), but £ E. 194,159 less than the expenditure of 1886 (£ E. 503,372), and £ E. 31,643 less than the expenditure of 1887 (£ E. 340,856).

It is probable, however, that the expenditure will be in excess of the estimate. When the estimate was framed it was thought that a considerable reduction in the garrison of Suakin would be possible. Since then, however, events at Suakin have necessitated a reinforcement of the garrison, and the measures, which would have involved a reduction of expenditure, have had to be postponed. I think, therefore, that it is probable that the military expenditure of the year will be some £ E. 60,000 in excess of the estimate.

The Police expenditure (£ E. 239,155) is taken at about £ E. 25,000 less than the estimate of 1887 (£ E. 264,366). This is a low estimate, and, unless some changes of system are introduced, would, I should think, be exceeded. It is hoped, however, that some changes will be introduced in the course of the year, which will enable several economies to be effected in this branch of the service.

The Convention of 1885 fixed the expenses of the Army of Occupation at £ E. 195,000. Since that time the British garrison has been largely reduced. The expenses can, therefore, be reduced to the sum which represents the actual extra cost incurred by the British Treasury in consequence of the presence of the British garrison in Egypt. The Egyptian estimate of £ E. 97,500 is probably too low by about £ E. 10,000.

The estimate under the head of "Soudan" (£ E. 19,588) is less than the ordinary expenditure of 1887 (£ E. 31,076) by about £ E. 12,000. It is expected that considerable economies will be made in the Civil Government of Suakin. I doubt, however, whether all those economies can be effected in the year, and I should think it probable that the expenditure will be in excess of the estimate.

Soudan expenditure to the extent of £ E. 61,752 was charged to the Loan Account in 1887. It will be seen by Account "D" attached to this despatch that a sum of £ E. 165,818, belonging to the Loan Funds, is still available to meet any special expenditure in connection with the evacuation of the Soudan.

The whole of the Pension expenditure is included in the ordinary account. The estimate is for £ E. 575,000. This is a high estimate. The actual expenditure will very probably be less than this figure. The expenditure in 1887, if we include the December pensions, would have been about £ E. 550,000, of which £ E. 90,000 was charged to the account of the Guaranteed Loan.

The expenditure under the head of "Tribut et Dette Publique" is taken at £ E. 4,294,180. The only observation I have to make in connection with this head of expenditure is that the Daira and Domains deficits together are taken at £ E. 350,000.

They will probably not amount to less, and may be somewhat more than this sum.

I have already explained that, under the new method of accounting, a considerable portion of the deficits for 1887 will be paid in 1888, and will appear in the accounts of the latter year; also that the rise in the price of sugar, which has recently taken place, will not produce any material benefit to the Egyptian Government till the year 1889.

A sum of £ E. 10,000 is provided in the Estimates for "Dépenses imprévues." This virtually raises the surplus shown upon the Estimates from £ E. 24,000 to £ E. 34,000.

A sum of £ E. 10,000 is provided under the head of "Dépenses rémunératrices." This is to provide for the expenditure incurred in collecting the new taxes imposed on Europeans since the Convention of 1885 was framed. No special credit is taken under the head of "Pétroleum," although there may, perhaps, be some expenditure under this head.

The usual sum of £ E. 250,000 is provided under the head of "Suppression Partielle de la Corvée."

The general conclusion at which I arrive is, therefore, as follows:—

That the estimates of Expenditure are, for the most part, moderately framed, but that the Railway expenditure will probably be £ E. 24,000, and the Army expenditure (including Army of Occupation) about £ E. 70,000 in excess of the Estimates; also that the estimate of Soudan expenditure is somewhat too low. On the whole, I should say that the expenditure was likely to exceed the estimate by about £ E. 100,000.

Extraordinary Expenditure of 1888.

I have already explained that the whole of the expenditure likely to be incurred during the year under the heads of "War" and "Pensions" is included in the ordinary estimate; also that a balance of about £ E. 165,000, belonging to the Guaranteed Loan Funds, is available to meet any extraordinary expenditure on account of the Soudan. The extraordinary expenditure will, therefore, be limited to anything which is incurred under this latter head, to £ E. 382,300, which it is proposed to spend on irrigation works, and to about £ E. 40,000 for the commutation of pensions. A reference to Account "D" attached to this despatch will show that out of the sum of £ E. 1,000,000, originally provided in 1885 for irrigation works, £ E. 479,715 had been spent up to the end of 1887, leaving an unspent balance of £ E. 520,285.

Prospects of 1888.—Net Result.

I have already stated that the Budget Estimate for 1888 is as follows:—

	£ E.
Revenue	9,600,000
Expenditure	9,576,000
Surplus	24,000

I have examined the Estimates of Revenue, and I have shown that, unless speedy measures be taken to raise judicial fees charged by the Native Courts to the level of those charged by the Mixed Tribunals, unless a change is made in the present system of recruitment, and unless the new Registration Law is passed without any great delay, it is likely that the Revenue will fall short of the estimate by about £ E. 50,000.

I have given my reasons for thinking that the expenditure is under-estimated by about £ E. 100,000.

Roughly speaking, it may be said that about £ E. 150,000 is required, either in the direction of increased revenue or reduced expenditure, in order to balance the Estimates and to show a small surplus. The sum of £ E. 150,000 will be easily obtained if speedy effect is given to the decisions already adopted by the Egyptian Council of Ministers.

General Remarks.

The financial Reports which, during the last four years, I have addressed to your Lordship and your Lordship's predecessors have necessarily been of a somewhat gloomy character. It was, indeed, impossible to state with any degree of confidence whether Egypt would be able to solve the very serious financial difficulties, partly the result of past misgovernment, and partly caused by the special events of 1882, which have been the cause of so much embarrassment during the last four years.

It would be even now a great exaggeration to state that there is no cause for anxiety in the future. Nevertheless, in spite of the figures which I have given above, and which barely show an equilibrium between Revenue and Expenditure, I am at present inclined to take a more favourable view of the financial situation generally than at any period during the last four years.

There are many reasonable grounds for hoping, and for thinking, that the most acute period of financial embarrassment is drawing to a close.

The abuses connected with the financial system of Egypt were too deep-rooted to justify the hope that any very speedy remedy could be applied to them. And in this, as in other Departments of the Administration, time was, and still is, required to solve many of the most serious difficulties. The period of financial reform may be said to have commenced in 1876, and to have continued at an accelerated rate since the British occupation in 1882. The healthy influences which during the last few years have been brought to bear on the financial administration of the country are daily producing a more marked and more beneficial effect.

The first step towards the maintenance of financial order was the introduction of a proper system of accounts. The system introduced by Sir Gerald Fitzgerald has been carried on by Mr. Palmer, with the result that the Egyptian accounts are now in as thorough order as those of any country in the world.

Many of the financial difficulties, which were the legacy of the past régime, have been gradually solved, or are in process of solution.

The expenditure is kept well in hand, and the detailed examination of the Accounts and Estimates, which I have recently made, and of which I merely give the general results in this despatch, has convinced me that the Administration is daily becoming more economical.

The Egyptian Government thoroughly recognizes that it is in the interests of Egypt to avoid bankruptcy, and a more serious effort than at any previous time has recently been made to place the finances on a sound footing.

The irrigation works carried on under the able direction of Sir Colin Scott Moncrieff are beginning to produce a marked effect on the agricultural conditions of the country. The Egyptian Treasury and the cultivators are alike gainers from these works.

The partial abolition of the corvée has indirectly relieved the pressure of taxation on the land.

The extension of the house-tax to Europeans has increased the Egyptian Revenue, and has removed a very legitimate grievance on the part of the native population.

There is good reason to hope that the excessive drain of Soudan expenditure has well-nigh ceased.

The Pension expenditure, which has been a cause of the most serious embarrassment, has nearly reached its maximum point. The new Pension Law, and the greater care which is now exercised in respect to the number of fresh appointments, will exercise a beneficial effect on the finances of the future.

The measures recently taken in respect to the importation and culture of tobacco will increase the Customs revenue for the current year, and will probably still further increase the revenue of subsequent years.

Additional revenue will also be derived from the Stamp and Succession duty.

The recent rise in the price of sugar will tend, so long as it may last, to diminish the Daira deficit.

The creation of a financial reserve, which already amounts to about £ E. 400,000, will strengthen the financial position of the future.

Lastly, the loan of £ E. 5,000,000, which it is proposed to contract for the partial conversion of Domains Stock, will be an economic benefit to the country, and—if a sufficient number of pensioners accept land instead of money—will afford a sensible relief to the Egyptian Treasury.

It is true that there must still be great uncertainty as regards the financial future of the Egyptian Government. Apart from any arguments based on the political situation, it is to be observed that a heavy fall in the prices of agricultural produce, notably of cotton and sugar, might cause serious embarrassment. But, so far as can be at present foretold, the considerations to which I have drawn attention above appear to me to justify a more hopeful forecast of the future than at any time during the last five years. Some long while must yet elapse before all the financial difficulties which embarrass the Egyptian Government can be solved. In the meanwhile, it may be said that Egypt is on the high road to a position of assured solvency.

Before closing this despatch I have one further observation to make. The

financial difficulties of the Egyptian Government so notoriously proceed from excessive borrowing that it may at first sight appear somewhat astonishing if I state that the best thing the Government can do is to borrow more money. Such, nevertheless, is my deliberate opinion.

I am not, of course, alluding to borrowing merely to make good a deficit. Such a course would be fatal. Rather than begin a new floating debt, it would be better for the Egyptian Government at once to declare itself insolvent.

Neither am I alluding to an operation of conversion such as that now proposed.

When I speak of borrowing, I mean borrowing with a view to the development of the country. What did so much harm to Egypt was, not so much the amount borrowed by the late Khedive, although that amount would, under any circumstances, have been excessive, as the conditions under which a portion of his loans were contracted, and the wholly unproductive manner in which by far the greater portion of the money was spent.

I venture to think that the essential difference between a country like England, in which the railways and other large industrial undertakings are in the hands of private Companies, and countries like India and Egypt, where the railways and canals are constructed by Government, is too often forgotten. In England, and in other countries similarly situated, borrowing is almost always an evil, and generally shows that the expenditure of the State has exceeded its revenue. In countries such as India and Egypt circumstances may very well arise when a great mistake would be committed by not borrowing. Those countries are, to a great extent, in the position of the large railway Companies which never close their capital accounts. Over and over again I have heard it argued that the financial position of India must be bad because the debt is increasing. There cannot be a greater fallacy. Many difficulties beset Indian finance, and the question of contracting loans is especially complicated by reason of the Revenue being collected in silver, whilst the interest of the debt has often to be paid in gold. But the mere fact that the debt has been increased, far from being a subject for regret, is—provided always that the borrowed money be well spent, and the amount annually borrowed be kept within moderate limits—a sign of a prosperous financial condition.

The same argument, although in a much more limited degree, holds good as regards Egypt. The sum of £ E. 1,000,000 included in the Guaranteed Loan for irrigation works has been productive of the utmost benefit to the country—benefits which are certainly cheaply bought by the permanent charge of £ E. 30,000 on account of interest. In about a year, or rather more, the works will be completed, and the whole of the £ E. 1,000,000 will have been spent. I believe that by far the wisest thing the Egyptian Government can then do will be, not to be frightened at the amount of the existing debt, but to borrow annually further sums for works of irrigation and drainage, and for improving the communications of the country. Every possible guarantee would, of course, have to be given that the money was only spent upon the objects for which it was borrowed. I should think that about £ E. 300,000 was the limit of annual expenditure of this description which could be profitably incurred, and I should have no hesitation in recommending that under the control of such officers as Sir C. Scott Moncrieff, Sir E. Vincent, and others whom I could name, a sum of about £ E. 300,000 a year should be borrowed for the next ten years or so, to be spent in the manner which I have indicated above. I have very little doubt that the interest on the money would be recouped either directly or indirectly, and I believe that the financial position generally would be much more strengthened by applying surplus to the payment of interest on small productive loans than it would be by devoting the money to the extinction of debt.

I have, &c.
(Signed) E. BARING.

(A).—COMPTE Général du Gouvernement Égyptien pour l'Exercice 1887.

RECETTES.					DÉPENSES.				
					£ E.	£ E.			
Encaisse au 1 ^{er} Janvier, 1887—						2,203,011*			
A la caisse de la Dette Publique									
A la caisse du Ministère des Finances et dans les autres					637,874				
caisses du Trésor					182,989				
Dans les Banques						820,863			
						1,653,496			
Solde du produit de l'Emprunt Garanti									
<i>Budget Ordinaire.</i>									
I. Contributions Directes—									
1. Impôts fonciers—					4,348,335				
Kharadji					666,908				
Oukhourri					85,781				
Dîmes sur les dattiers					67,908				
Autres impôts fonciers									
					5,168,932				
2. Autres Contributions Directes—					147,666				
Impôts professionnels					110,281				
Droits sur les propriétés urbaines					31,838				
" moutons et chèvres					6,959				
" voitures et bêtes de somme					3,255				
" pressoirs d'huile									
					299,599				
II. Contributions Indirectes—					936,676				
1. Douanes					305,888				
2. Octrois					209,624				
3. Sel et natron									

RECETTES.			DÉPENSES.		
	£ E.	£ E.		£ E.	£ E.
V. Location et Produits des Propriétés du Gouvernement..	83,673		IV. Sécurité Publique—		
			1. Ministère de la Guerre	206,063	
			2. Police et prisons	235,804	
			3. Armée d'Occupation	195,000	
				636,867	
VI. Recettes du Gouvernorat du Souakin	15,100		V. Soudan—		
			1. Gouvernorat de Souakin	29,307	
			2. Corps disciplinaire	1,769	
				31,076	
VII. Retenue sur les traitements du personnel	47,010		VI. Pensions	418,836	
			VII. Tribut et Dette Non-Consolidée—		
			1. Tribut de l'Égypte	678,203	
			2. Intérêts des actions du Canal de Suez.. ..	193,858	
			3. Daira Khassa	34,000	
			4. Moukabalah	150,195	
			5. Intérêts sur dette flottante et frais de change	5,995	
			6. Déficit des Domaines de l'État	85,890	
			7. .. de la Daira Sanieh	173,365	
				1,321,506	
			IX. Dépenses Rémunératrices—		
			1. Recherche du pétrole dans la Mer Rouge	32,374	
			2. Nouveaux impôts	7,028	
				39,402	
			X. Suppression partielle de la Corvée	233,561	
			Dépenses prélevées sur le produit du rachat des Pres-		
			tations	3,864	
			Total des dépenses des Services Administratifs ..		5,613,769

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RECETTES.			DÉPENSES.		
	£ E.	£ E.		£ E.	£ E.
VIII. Prix de terrains cédés à la Compagnie du Canal de Suez	77,150		Service de la Dette Consolidée—		
			Dette Garantie—		
			Intérêts	271,806	
			Amortissements	35,319	
				307,125	
			Dette Privilegiée	1,086,969	
			Dette Unifiée	2,183,620	
				3,577,714	
Total des Recettes du Budget Ordinaire		9,616,338	Total des dépenses du Budget Ordinaire		9,191,483
Service de la Dette Consolidée—			Amortissement—		
Prescriptions		124	Dette Garantie	72,366	
Coupons de titres rachetés de l'Emprunt Garanti		1,659	Dette Unifiée	123	
				72,489	
Recettes extraordinaires (Emprunt Garanti)		159,468	Dépenses extraordinaires (Emprunt Garanti)		891,905
Dépôts, avances et comptes spéciaux (Soldes)			Dépôts, avances et comptes spéciaux (Soldes)		380,279
			Encaisse au 31 Décembre, 1887—		
			A la Caisse de la Dette Publique		1,813,179
			A la Caisse du Ministère des Finances et dans les		
			autres Caisses du Trésor	705,358	
			Dans les Banques	399,295	
			A la Monnaie de Berlin	79,932	
				1,184,585	
Total général		13,854,889	Solde du produit de l'Emprunt Garanti		320,969
			Total général		13,854,889

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(B.)—LA COMPARAISON des Dépenses des Services Administratifs avec le Chiffre fixé par la Convention Financière et par l'Article 18 du Décret du 27 Juillet, 1885 s'établit comme suit:—

	£ E.	£ E.
Montant total des dépenses, non compris le service de la Dette Consolidée	..	5,613,769
A déduire—		
1. Partie du déficit de la Daira et des Domaines payée en 1887	259,255	
2. Excédent des dépenses des Chemins de Fer sur le chiffre fixé par la Convention	19,039	
3. Excédent des traitements des Commissaires de la Caisse de la Dette sur le chiffre fixé par la Convention	7,995	
4. Recherche du pétrole dans la Mer Rouge	32,374	
5. Abolition partielle de la Corvée	250,000	
A déduire—		
Economie réalisée sur le budget du Ministère des Travaux Publics par rapport au budget de la Convention	29,043	
6. Dépenses prélevées sur le produit du rachat de prestations en 1886	3,864	
7. Dépenses de la guerre prélevées sur le produit du rachat du service militaire	28,100	
		571,584
		5,042,185
Le chiffre de £ E. 5,237,000, fixé par la Convention pour les dépenses des Services Administratifs, diminué de £ E. 200,000, montant des traitements, pensions, et allocations de Décembre 1887 payées en 1888, étant de	..	5,037,000
Les dépenses de 1887 ont été ainsi supérieures au budget de la Convention de	..	5,185
Mais la part du Gouvernement dans les excédents de l'exercice (voir page suivante) étant de	..	51,535
Les résultats de l'exercice présentent un excédent en sa faveur de	..	46,350
Et si on ajoute à ce chiffre la somme restée disponible au 31 Décembre, 1886, sur sa part dans les excédents budgétaires à cette date	..	22,848
Le Gouvernement se trouve avoir à sa disposition au 31 Décembre, 1887, une somme totale de	..	69,198
Aux termes de l'Article 18 du Décret du 27 Juillet, 1885, le compte des excédents des revenus non-affectés s'établit comme suit—		
Recettes non-affectées	..	4,732,994*
A ajouter—		
7 pour cent sur £ E. 2,503,807, recettes brutes des quatre provinces affectées	175,266	
Dépenses des Douanes	75,317	
des Chemins de Fer	567,039	
des Télégraphes	38,824	
du Port d'Alexandrie	27,763	
	884,209	
Total des ressources	..	5,617,203

* Ce chiffre est établi comme suit—

	£ E.	£ E.
Montant total des revenus budgétaires	..	9,616,358
A déduire—		
Recettes des quatre provinces affectées	2,503,807	
des Douanes	936,676	
des Chemins de Fer	1,296,568	
du Port d'Alexandrie	111,422	
des Télégraphes	34,891	
	4,883,364	
Recettes non-affectées	..	4,732,994

	£ E.	£ E.
Total des ressources	..	5,617,203
Au moyen de ces ressources, le Gouvernement doit faire face aux charges suivantes—		
Les dépenses imputables sur les revenus non-affectés : £ E. 5,237,000, moins la somme de £ E. 200,000, montant des traitements, pensions, et allocations de Décembre 1887 payées en Janvier 1888	5,037,000	
Les autres dépenses indiquées ci-dessus sous les Nos. 1 à 7	571,584	
		5,608,584
C'est-à-dire, que les ressources non-affectées excèdent les charges de	..	8,619
Somme que le Ministère des Finances doit verser à la Caisse de la Dette.		

Conformément aux Articles 19, 20, et 21 du Décret du 27 Juillet, 1885, le compte des excédents des revenus affectés s'établit comme suit:—

	£ E.	£ E.
RECETTES.		
Versements faits à la Caisse de la Dette du 26 Octobre, 1886, au 25 Octobre, 1887—		
Par les quatre provinces affectées	..	2,276,014
Par l'Administration des Douanes	..	860,298
Par l'Administration des Chemins de Fer	..	879,552
Total	..	4,015,864
DÉPENSES.		
Service de la Dette Garantie	307,125	
„ Dette Privilegiée	1,086,969	
„ Dette Unifiée	2,183,620	
		3,577,714
		438,150
A ajouter—		
1. Excédent des ressources non-affectées	..	8,619
2. Intérêts produits par le placement des fonds affectés	..	12,719
Total de l'excédent	..	459,488
Sommes à prélever sur cet excédent—		
Ces sommes doivent servir à créer un fonds de réserve à la Caisse de la Dette—		
1. Montant des traitements, pensions, et allocations de Décembre 1887 payés en 1888	200,000	
2. Solde approximatif du déficit de la Daira et des Domaines payable en 1888	140,000	
3. Economie dans les dépenses effectives des Chemins de Fer sur le 45 pour cent fixé par la Convention	16,417	
		356,417
Total de l'excédent à répartir entre le Gouvernement et la Caisse de la Dette	..	103,071
Somme revenant au Gouvernement	..	51,535

(C.)—COMPTE des Ressources Extraordinaires du Gouvernement Égyptien arrêté au 31 Décembre 1887 (Décret du 27 Juillet, 1885).

RECETTES.

	1885.	1886.	1887.	Total.
	£ E.	£ E.	£ E.	£ E.
I. Produit du Nouvel Emprunt 3 pour Cent Garanti ..	8,459,821	313,956	1,142	8,774,919
II. Biens libres et autres	437,505	14,450	103,303	555,258
III. Recouvrements sur arriérés à fin 1879	95,000	17,000	29,000	141,000
IV. Intérêts produits par le placement des fonds de l'Emprunt Garanti	..	1,094	26,023	27,117
V. Liquidation de la guerre (vente de vieux matériel) ..	..	120,000	..	120,000
	8,992,326	466,500	159,468	9,618,294

DEPENSES.

	1885.	1886.	1887.	Total.
	£ E.	£ E.	£ E.	£ E.
I. Indemnités	4,140,114	3,078	164	4,143,956
II. Déficit à fin 1884	2,569,182	..	61,128	2,630,320
III. Déficit de 1885 (services non-affectés)	100,000	..	..	100,000
IV. Douane et Palais de Justice (déduction faite de £ E. 96,096 comprises dans le déficit à fin 1884) ..	52,107	56,453	11,440	100,000
	4,861,403	3,631,531	78,732	8,571,666
V. Soudan—				
Guerre	124,169	302,336	134,703	561,208
Police	42,717	49,200	..	91,917
Soudan	225,129	94,765	61,752	381,646
Pensions	..	110,496	90,000	200,496
Totaux	392,015	616,797	286,455	1,295,267
A déduire—				
Les versements faits par le Gouvernement Anglais	..	193,000	266,175	459,175
	392,015	423,797	29,280	845,092
VI. Travaux extraordinaires d'irrigation	..	113,933	365,782	479,715
VII. Frais d'émission du Nouvel Emprunt, transport de numéraire, perte de change et autres	..	77,887	231	78,118
VIII. Rachat de pensions	..	79,058	429,780	508,838
	7,233,418	752,806	891,905	8,878,129

(D.)—COMPTE du Nouvel Emprunt Garanti 3 pour Cent arrêté à fin Décembre 1887.

	Crédits autorisés par la Convention.	Dépenses effectuées.	Soldes disponibles.
	£ E.	£ E.	£ E.
Indemnités	4,143,956	4,143,956	..
Déficit à fin 1884	2,657,000	2,633,320	23,680
Déficit à fin 1885	100,000	100,000	..
Douane et Palais de Justice	100,000	100,000	..
Soudan	1,000,000	834,182	165,818
Travaux extraordinaires d'irrigation	1,000,000	479,715	520,285
Frais d'émission du Nouvel Emprunt	78,118	78,118	..
Fonds de Trésorerie	500,000	..	500,000
Rachat de pensions	550,000	508,838	41,162
	10,129,074	8,878,129	1,250,945

	£ E.
Solde disponible sur les fonds du Nouvel Emprunt ..	520,969
Fonds de Trésorerie à la disposition du Gouvernement ..	419,196
Valeur présumée des terres libres	510,780
	1,250,945

(E.)—SITUATION de la Dette Publique à fin Décembre 1887.

	Titres en Circulation au commencement de l'Année.	Amortissements effectués pendant l'Année.	Titres en Circulation à fin Décembre.
	£	£	£
Emprunt Garanti	9,301,700	110,100	9,191,600
Dette Privilegiée	22,296,800	..	22,296,800
Dette Unifiée	55,990,440	180	55,990,260
Emprunt Domestique	7,354,210	441,380	6,909,860
Dette Daira Sanieh	8,659,500	20,020	8,639,480
Totaux	103,602,650	571,680	103,028,000

Le Directeur-Général de la Comptabilité de l'État,
(Signé) ELWIN PALMER.

Le Caire, le 31 Janvier, 1888.

No. 41.

Sir E. Baring to the Marquis of Salisbury.—(Received February 25, 11 A.M.)

(No. 49.)

(Telegraphic.)

Cairo, February 25, 1888, 10:55 A.M.

YOUR despatches Nos. 347 and 38.

Am I authorized to inform Caisse that they may place 38,000l. of Suez Canal money at the disposal of Egyptian Government?

No. 42.

Sir E. Baring to the Marquis of Salisbury.—(Received March 5.)

(No. 80.)

My Lord,

Cairo, February 21, 1888.

I HAVE the honour to transmit herewith a Khedivial Decree modifying the dates of payment of the land tax in Upper Egypt.

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In former days very great hardship was inflicted on the population of Egypt by the times at which this tax had to be paid, and under the rule of Ismail Pasha it was complained not so much that the tax itself was excessive as that it was collected at extremely inconvenient seasons.

Much has been done of late years to remedy this grievance, but nevertheless, complaints have not entirely ceased. The whole subject has therefore been very carefully studied, with the result that the Decree in question has been issued.

It is hoped that the modifications now introduced will remove all grounds for complaint, and will ensure the land tax being collected at the seasons most convenient to the agricultural population.

I have, &c.
(Signed) E. BARING.

Inclosure in No. 42.

Extract from the "Journal Officiel" of February 20, 1888.

NOUS, Khédive d'Égypte,
Sur la proposition de notre Ministre des Finances et l'avis conforme de notre Conseil des Ministres;

Le Conseil Législatif entendu;

Décrétons :

Article 1^{er}. Les échéances du paiement de l'impôt Kharadji et Ouchouri, fixées par notre Décret du 9 Mai, 1883, sont modifiées dans les provinces de la Haute-Égypte de la manière indiquée par le Tableau ci-après :

ÉCHÉANCES du Paiement de l'Impôt Kharadji et Ouchouri.

Mois.		Tarif Spécial.	Tarif Spécial.	
Grégoriens.	Coptes.		Moudirich de Fayoum.	Districts de Hafa, d'El-Kenouz, et Moawent-Assouan.
		Kirats.	Kirats.	Kirats.
Janvier	Touba	2	2	1
Février	Amehir	1	1	..
Mars	Baramhat	2	..	..
Avril	Baramouda	3	2	1
Mai	Bachans	4	3	1
Juin	Baouna	4	3	1
Juillet	Abib	3	..	1
Août	Mesra	3	2	2
Septembre	Tout	..	3	7
Octobre	Baba	..	4	7
Novembre	Hatour	..	2	4
Décembre	Kiak	..	2	1

Art. 2. Notre Ministre des Finances est chargé de l'exécution du présent Décret.
Fait au Palais d'Abdine, le 4 Gamad-Akher 1305 (16 Février, 1888).

(Signé) MÉHÉMET TEWFIK.

Par le Khédive :

Le Président du Conseil des Ministres,

(Signé) N. NUBAR.

Le Ministre des Finances,

(Signé) MOHAMED ZÉKI.

No. 43.

Sir E. Baring to the Marquis of Salisbury.—(Received March 5.)

(No. 85.)

My Lord,

Cairo, February 23, 1888.

IN my despatch No. 29 of the 15th ultimo I had the honour to transmit to your Lordship a notice from the "Journal Officiel" removing a misunderstanding which had arisen between the Ministry of War and the Finance Committee respecting the financial administration of that Ministry. It was stated in that notice that the question of whether further economies could not be effected in the army expenditure would be examined by the "Commission d'Économies."

The Commission charged Mr. Hamilton Lang, the English Controller of the Daira Sanieh, and Yacoub Artin Pasha, Under-Secretary of Public Instruction, both gentlemen of considerable financial experience, to examine and report upon the Budget of the War Office for 1888, and I have now the honour to inclose a copy of their Report.

Your Lordship will perceive that the result of this Report is to completely exonerate the military authorities from any charge of extravagance in the preparation of their Budget. Mr. Lang and Yacoub Artin Pasha, after a searching investigation, can only recommend economies amounting to £ E. 11,000 out of a Budget of £ E. 369,000. This result is, I venture to think, highly creditable to the spirit of economy in which the army expenditure for 1888 has been prepared by the Egyptian War Office.

I have, &c.
(Signed) E. BARING.

Inclosure in No. 43.

Report.

To his Excellency Nubar Pasha, President of the Council of Ministers, &c., Cairo.

Excellency,

Cairo, February 14, 1888.

THE Undersigned have the honour to report to your Excellency the results of their examination of the Budget of War for 1888 which we were charged to make by the "Commission d'Économies."

That Budget amounts to £ E. 369,213, from which a sum of £ E. 60,000 was to be deducted by reducing the force at Suakin. Our review will, however, treat of the larger figure, £ E. 369,213, as political considerations enter into any question connected with the Soudan. In order to give a clearer conception of the real situation, we do not propose to follow the order of expenditure as given in the published Budget, but to begin by the items upon which we have the fewest observations to make.

1. Solde de l'Armée, £ E. 98,298; Allocations, £ E. 7,170: £ E. 105,468.

The average cost for pay and allocations of the army represents £ E. 11.74 per head. We do not consider it necessary to lose time upon this item, as we cannot suppose that it was intended to reduce the scale of pay, which besides does not seem to us in any way excessive.

2. Rations to Officers (355), Men (8,624); total, 8,979: £ E. 61,995.

The average cost of rations for all ranks is £ E. 7.02 per head, subdivided thus:—

	£ E.
For soldiers, per annum	6
.. warrant officers, per annum	6½
.. officers, per annum	12½

These figures have not appeared to us too high, and it may be doubted whether any other army is able to feed its men for a less sum. (Annex (A) gives the basis of the rations.)

Further, all contracts for supplies are made after public auction, and with hardly any exception the lowest offer obtained by this system of public competition is accepted.

The system, as well as its results, seems, therefore, to us unobjectionable. To save repetition it may be said that this remark applies also to the succeeding items of "Fourrages" and "Habilements."

3. Fourrages, £ E. 20,197.

This sum provides for the food of 1,252 animals, and thus represents £ E. 16.13 per head. In the Budget this item is £ E. 3,122 in excess of the provision for 1887, but this excess is only apparent. It results from the fact that the transport of "fourrages" in 1887 was not included under the heading of "Fourrages," whereas it has been included in 1888. The importance of the charge for transport will be understood when it is remembered that part of the "fourrages" has to be sent to the frontier stations, such as Korosko and Wady Halfa, and Suakin.

The estimate for "fourrages" was based upon the prices current in 1887, but the ultimate charge may be modified if lower prices are established by public competition in 1888. Considering the average cost per head of animals, £ E. 16.13, we are inclined to think that every one will agree with us that it is not excessive for the feed of animals requiring to be kept in high working order, but we do not think it impossible that a reduction of 5 per cent. may ultimately be obtained upon this item in view of the constantly falling prices of barley and other articles of fodder. This reduction is, however, so entirely out of the control of the Department that we do not consider it justifiable to modify the figures of the Budget.

4. Habilements to Officers (355), Men (8,642); total, 8,997: £ E. 32,000.

The control of each separate item would be very difficult, as they are so numerous, and not only the actual clothing and boots and shoes, but a variety of minor objects equally indispensable.

The average cost per man of all ranks is £ E. 3.56, subdivided thus:—

	£ E.
Infantry	3.13
Cavalry	4.10
Mounted artillery	4.18
Garrison artillery	3.21
Camel Corps	4.05

These include two suits of clothes per annum, and we are of opinion that the charge is not extravagant.

It was a subject of criticism that up to the present the contracts for clothing had not been given to native contractors. No extra cost, however, resulted; on the contrary, the foreign prices were found to be lower than the lowest offer made by native contractors, and the quality superior.

The Administration, however, is perfectly sensible of the advantage to the country of employing native contractors at equal prices, and it was given to native contractors the opportunity of supplying the clothing at the prices obtained from the foreign contractors and on equal terms of durability. It appears to us that this is the utmost which can be reasonably desired.

5. Equipments, £ E. 15,079.

This item is thus subdivided:—

	£ E.
General equipment	8,093
Ammunition	6,432
Miscellaneous	554
	15,079

We cannot pretend in our quality of civilians to pass judgment upon this item. We remark that it is £ E. 587 in excess of that asked for by the Budget of 1887, but, in the opinion of the War Office, the credit asked for in 1888 does not admit of reduction from the necessity of improving the equipment of the army, notably in a better type of rifle and ammunition.

6. Achats d'Animaux, £ E. 1,759.

This item covers the remounts for 1,252 animals. It is calculated to obtain 83 animals at an average cost of £ E. 21.206, and the percentage of remounts is about 6½ per cent. We can only say upon this head that both the percentage of remounts and its average cost appear reasonable.

7. Frais de Transport, £ E. 16,414.

This item represents the cost of the movement of all men, animals, stores, and ammunition to all the stations of the army.

Transport in Egypt, even by railway, is high, and doubly so is the transport by river to such stations as Assouan, Halfa, and Korosko. We notice, however, that the charge is £ E. 883 in excess of the provision for 1887, and further that in 1887 this item was charged with the transport of fodder.

It has been explained to us that this item was greatly under-estimated in 1887, as the actual outlay in that year was £ E. 28,473. If the War Office is able to keep within its self-appointed limit for 1888 a very large economy will be attained upon cost in 1887.

8. Service Medical, £ E. 12,938.

This item is composed thus:—

	£ E.
1. Central Administration	1,831
2. Service de la Basse Égypte	4,426
3. " " Frontière	2,742
4. " " Suakin	1,622
5. Médicaments and instruments	1,000
6. Rations spéciales de l'Hôpital	1,314
	12,938

Upon the first head the officer in charge of this department furnished us with an interesting comparison (Annex C), between the cost of the central military administration for the Egyptian army (strength 9,000) and the same administration for the British Army of Occupation (strength 3,500). The comparison is, for the former, £ E. 1,831, and for the latter, £ E. 3,843½, in money; and in staff, five for the former, and eleven for the latter.

The second head shows an increase of £ E. 542 approximately, represented by the salary of an extra English Surgeon-Major, placed upon the Budget in view of the increased burden which will be thrown upon the service should the new Recruiting Law be decreed. This officer has not yet been named, but it appears probable that the new Law in question may be decreed shortly. We have considered it sufficient to reduce the "Service de la Basse Égypte" by £ E. 180, equal to three months' salary of the officer to be named. Should the new Recruiting Law not be decreed, the economy will then be £ E. 540. The third, fourth, and sixth heads are identically the same as those asked for in 1887, and we are induced in no way to modify them by the consideration that such a service, which at any moment may be severely strained by exceptional casualties from fighting, ought to remain fully effective.

The fifth head, however (medicaments and instruments, £ E. 1,000), is at present rather above its normal necessities, being obliged to provide the hospitals with instruments. It will be less next year.

9. Service Vétérinaire, £ E. 2,357.

This item includes the shoeing of horses, and three separate establishments—Lower Egypt, the frontier, and Suakin. It does not appear to us in excess of the requirements.

10. Prisons Militaires, £ E. 565.

This item presents a diminution of £ E. 27 upon the credit asked for in 1887, and comprises four separate prison services—Abbassiyeh, Chellal, Halfa, and Suakin, and appears moderate.

11. Écoles Militaires, £ E. 4,544.

This item is in diminution of £ E. 119 upon the credit asked in 1887, resulting from the transfer to the Adjutant-General's department of an "Atelier de Lithographie."

The expenses of the department may be thus subdivided: 10 officers (1 Major-General, European; 1 Colonel, Egyptian; 2 Majors and 2 Adjutants, Egyptian; 2 Captains, Egyptian; 2 Lieutenants, Egyptian), costing £ E. 2,592; 4 Professors for English, French, Arabic, geography, composition, and calligraphy, and an instructor in gymnastics, costing £ E. 784; 2 Clerks and Storekeepers, costing £ E. 354; pay to 80 pupils, £ E. 314; 18 servants, costing £ E. 348; sundries, including prizes, £ E. 152—in all, £ E. 4,544.

Seeing that the pupils receive board and lodging, clothing, and education, it appears to us reasonable to suppress the item of pay, as has been done at the schools of public instruction. General Hallam Parr adopted our views upon this point, but requested that a sum of £ E. 114 should be retained for special rations and gratifications to the best students.

We think the "Commission d'Économies" will not object to this reserve.

We have not further ventured to modify the credit asked, considering that, as a whole, the amount is not excessive, and that the truest economy will be found in rendering the instruction thorough and of a high class. These military schools are the nursery of an efficient army.

12. *Construction et Entretien des Travaux*, £ E. 4,950.

Of this item, £ E. 2,675 represents the repairs to buildings in Lower Egypt belonging to the Government, but occupied by the services of the War Ministry. It appears to us that the expenditure for these repairs should be supported by the Ministry of Public Works, which receives a grant for "entretien et réparations" of public buildings. But as these repairs may be more cheaply effected by the Ministry of War, we recommend that no modification should be made in the grant to the Ministry of Public Works, but that that Ministry should credit out of its grant the Ministry of War for the repairs to the buildings occupied by the army a sum not exceeding £ E. 2,675.

The Budget of the Ministry of War would then be diminished by £ E. 2,675, without any increase of the General Budget.

13. *Service de Condensateurs à Suakin*, £ E. 4,090.

This sum was based upon a first estimate, but, desiring to obtain a reduction upon it, the Ministry of War applied to Suakin for a revised estimate. The revised estimate arrived after the publication of the Budget, and it enables the Ministry of War to diminish its first estimate by £ E. 1,260.

14. *Service de Recrutement*, £ E. 23,365.

This item had been closely examined before we did so, and the Ministry of War agrees that it may be reduced to £ E. 18,218, thus effecting an economy of £ E. 5,147. This item remains still in excess of the grant for 1887 by £ E. 3,807, but this is in view of the increased work which will have to be done should the new Recruiting Law be decreed. The Ministry of War remarks that the item is one of considerable incertitude, seeing that the amount of work cannot be accurately gauged until the new Law has been in operation for a first year. It accepts, however, the reduction of £ E. 5,147 in the grant asked for, because it is willing to endeavour to work the service with fewer commissions than was at first contemplated.

To this point in our review we have treated £ E. 305,721 of the total credit asked of £ E. 369,213 for 1888.

We draw attention to this, because what remains of the credit, with the exception of £ E. 3,907, represents the cost of the general administration and chief command of the army, say, £ E. 59,585.

Rightly to judge of this last figure, we must subdivide it, as was indicated to us by General Hallam Parr, in an interesting plan (annexed).

The subdivision may be made thus:—

1. Ministry of War, Sirdar, and personal Staff.
2. Adjutant-General's Department.
3. Surveyor-General's Department.
4. Dépenses Générales.

15. *Ministry of War, Sirdar, and Personal Staff*, £ E. 8,109.

The first division (chapters I and II, section 2) costs £ E. 8,109. On it we have no observation to make.

16. *Adjutant-General's Department*, £ E. 18,470.

The Department of the Adjutant-General may be subdivided thus:—

	£ E.
(a.) (Chap. ii, sec. 2). Division de l'Adjutant-Général	1,386
(b.) (Chap. ii, sec. 4). Bureau	3,744
(c.) État-Major des districts, viz.—	
(Chap. ii, sec. 5). Caire	2,107
(Chap. ii, sec. 6). Frontier	4,698
(Chap. ii, sec. 7). Suakin	2,698
	9,503
(d.) Affaires du Soudan, &c.	3,415
(e.) Imprimerie	422
	18,470

The work of the Adjutant-General's Office (e) and (b) is very extensive, and requires to be done without a moment's delay. From a visit to those bureaux, we were able to judge that the employés were all thoroughly engaged, and the work kept completely "au jour." The hours are longer than in other Administrations, and certain sections have to continue their duties night and day.

On subdivision (c), ("État-Major des districts"), £ E. 9,503, we do not feel competent to express an opinion, but the details of the credit seem to have been prepared with care and moderation. The only economies we are able to inscribe are:—

1. The salary of a Colonel, £ E. 564, placed "en disponibilité," and who has been replaced by a Major-General, Egyptian, appearing upon the personnel of the "Administration Centrale;" and
2. £ E. 48, resulting from two months' salary of two "sous-officiers, Anglais," who have not yet joined the Service.

Subdivision (d) is styled in the Budget "Division Militaire du Soudan." This designation is misleading, and has given occasion to the observation that, as the Soudan is no longer occupied, a military division for it is superfluous. The fact is that since March 1887 the Bureau is styled the 3rd Section of the Military Bureau. Some of its duties are the following:—

1. The claims of officers and others arriving from the Soudan, settlement of their rights to pensions, "disponibilité," &c.
2. The question of allocations to the widows and families of officers and others still in the Soudan, or whose existence is still uncertain.
3. The confirmation or disallowance of ranks granted by the late Gordon Pasha.
4. Recording the services of military and civil employés in the Soudan.
5. Obtaining and recording confidential Reports on officers "en disponibilité."
6. Reparation and conservation of plans and maps.
7. Charge of the "Atelier de Lithographie" for the whole Service.

It will thus be seen that the work of this section is only in part connected with the Soudan, and that that part is not with the Soudan as an actuality, but with the disasters there in the past. We have read a correspondence between his Excellency the Sirdar and the Finance Committee on the subject of this Bureau, and in consequence have considered the above explanation necessary.

In our divisions ("Imprimerie," £ E. 422) an economy of £ E. 84 has been found possible.

17. *Surveyor-General's Department*, £ E. 25,341.

This Department is concerned with all the details of purchase, transport, and distribution of rations, "fourrages," "habillement," stores, equipments, and "achats d'animaux" for all the army. It comprises further the audit of the pay and allocations of the army, the recoveries of various kinds from officers and men, construction and maintenance of barracks, and water supply.

The volume of work thus summarily enumerated may easily be understood when it is remembered that each individual in his wants has to be treated separately, both as to pay and accessories.

The Department may be subdivided thus:—

	£ E.
(a.) (Chap. v, sec. 1). Division du Surveyor-General	3,680
(b.) (Chap. vi, sec. 1-7). Intendances militaires	5,082
(c.) (Chap. vii, sec. 1-6). Magasins militaires	5,040
(d.) (Chap. vii, sec. 7). „ des munitions	1,824
(e.) (Chap. v, sec. 6-7). Fortresses	2,403
(f.) (Chap. v, sec. 3). Divisions de Génie, Arsenal, et Casernes ..	3,412
(g.) (Chap. v, sec. 2). Division du Trésorier-en-chef	3,900
	25,341

In regard to subdivision (a), the correspondence daily amounts to 80 to 100 in Arabic, and 60 to 70 in English; as this division controls the whole of the supply departments of the army, upon which much abuse was committed in the past, it is absolutely necessary that it should be controlled by high-class officials.

Although subdivisions (b) and (c) are separate in the Budget, we are informed they practically work together.

In regard to the sections, "Bureau du Directeur" (chap. vii, sec. 1), "Magasins du Caire" (chap. vii, sec. 2), we were informed that later on a reduction might be made in them.

On subdivision (d), ("Magasins des Munitions," £ E. 1,824) we have no remark to make, realizing that objects of such danger and importance require exceptional care, and it is only the War Office that can propose economies upon it.

Subdivision (e) represents the cost of the fortresses of Egypt and five forts in the Hedjaz. It is a subject of regret that the five forts in the Hedjaz exist, but their cost (£ E. 1,833) is not extravagant.

Subdivision (f), ("Division de Génie," £ E. 3,412) appears moderate in the number of its staff.

Subdivision (g) occupied our most serious attention. The opinion has been expressed by important functionaries of the Ministry of Finance that the cost of Paymaster, costing with a few employés additional £ E. 1,200, was unnecessary. In their estimation, the work of the Paymaster could effectively be done at the Ministry of Finance without extra charge. In support of this it can be said that such is the system pursued by other Ministries with larger Budgets than that of the Ministry of War. On the other hand, the Ministry of War contends—

1. The audit of accounts (for no actual payments are effected at the Ministry of War) can be more effectively done by a functionary versed from profession in military accounts than by a civilian.

2. That the deductions made directly by a functionary of the Ministry of War are received by the army with less objection than if made by the Ministry of Finance.

3. That as the Sirdar accepts the budgetary limits fixed for the army, it is advantageous that the audit should be made in his office.

The Ministry of War adds that it is only since such audit was done in the Ministry of War that the expenses of the army have not exceeded the Budget, and the Paymaster informed me himself that his salary several times over had been gained in recoveries of money due by the army concerning 1884 and 1885, which had been overlooked in the Ministry of Finance.

While giving much weight to the views of the Ministry of Finance, and fully admitting the strength of their arguments, we are inclined to think that the army in many respects differs from other Ministries, and that it is expedient to accept the strongly expressed opinion of the Ministry of War, even although it involves an extra expenditure of £ E. 1,200. It may, however, be possible, when the system of accounts has been thoroughly established, to economize a part of that extra expenditure.

18. Dépenses Générales, £ E. 7,665.

This item covers sundry expenses, upon which two economies are made:—

1. The cost of telegrams is reduced from £ E. 2,500 to £ E. 2,000; and

2. The cost of printing from £ E. 1,300 to £ E. 1,000.

The original estimate for telegrams was in provision for unforeseen contingencies in connection with disturbances on the frontier.

19. Aides-de-camp de Son Altesse, £ E. 3,907.

This item represents the pay, &c., of six aides-de-camp to His Highness, and calls for no remark.

Having thus exhausted our view in detail of the budgetary credit asked for by the Ministry of War, irrespective of a deduction of £ E. 60,000 upon a reduction of the troops at Suakin, it remains for us to summarize the various economies which we are able to recommend.

Economies, £ E. 11,018.

They are the following:—

	£ E.
On the Medical Services	180
„ Ecoles Militaires	200
„ Construction et Entretien des Travaux to be paid by the Ministry of Travaux Publics out of its Budgetary Credit	2,675
„ Service de Recrutement	5,147
„ Etat-Major des districts	612
On Condenseurs à Suakin	1,260
„ Imprimerie	84
„ Dépenses Générales	860
	11,018

In conclusion, we have pleasure in saying that each detail of the Budget has been developed with great minuteness and scrutinized with attention by the Heads of Departments, who appeared to have constantly kept in view the necessity of wise economies. Much progress seems to us to have been made in the establishment of order and an effective control.

The total cost of the effective army of 9,112 men will, should our recommendation be approved, amount to £ E. 358,195, equal to £ E. 39.30 per head, which may be subdivided thus:—

	£ E.
For administration	6.37
„ all other charges	32.93
	39.30

It is fair to remark, as the expenses for the service of recruiting are included in the above amount, that the "Rachat Militaire" brings in a revenue estimated at £ E. 70,000, which is not credited to the Budget of War.

The administrative charges would not be greater for an army of 10,000 effective men, and in that case their cost would be £ E. 38.73 per head.

We have, &c.

(Signed) A. HAMILTON LANG.
YOOSIF ARTIN PASHA.

I beg to subscribe my full concurrence to this Report. The inquiry which preceded it was conducted in my presence, and with full knowledge and approval of the Sirdars.

(Signed) HENRY HALLAM PARR, *Lewa,*
Adjutant-General, Egyptian Army.

Cairo, February 16, 1888.

No. 44.

E Sir A. Paget to the Marquis of Salisbury.—(Received March 6.)
(No. 85.)
My Lord,

Vienna, March 3 1888.

WITH reference to your Lordship's despatch No. 8 of the 4th ultimo, with the contents of which I acquainted Count Kálnoky, I have now the honour to inclose the translation of a Memorandum which has been forwarded to me by his Excellency, stating that the Imperial Government agrees to the Commissioners of the Caisse being empowered to negotiate with the Egyptian Government measures for the introduction of the stamp duty and professional tax on foreigners, and that they are willing that appeal to the Powers should only be had recourse to in the event of an irremediable difference of opinion arising.

I have, &c.

(Signed) A. PAGET.

Memorandum.

(Translation.)

TO the suggestion of the Austro-Hungarian Government, that the result of the negotiations pending between the Egyptian Government and the Commissioners of the Caisse, respecting the measures to be adopted for the introduction of the stamp duty and professional tax on foreigners, should be submitted to the Powers for their final decision, Her Majesty's Government has raised the objection that such a reference to the Powers would probably give rise to further delays.

The necessity of reference to the final decision of the Powers would, however, according to the English view, practically arise, though only in the event of there being an irremediable difference of opinion between the Commissioners of the Caisse and the Viceregal Government.

As, however, the Austro-Hungarian Government when making this suggestion had virtually only in view the eventuality referred to by Her Majesty's Government, they see no reason why they should hesitate, in conformity with the views of the same, to limit the necessity of appeal to the Powers exclusively to such an eventuality.

The answer, therefore, of the Imperial Government to the English Circular of the 7th November, 1887, will be to the following effect, namely, that Austria-Hungary agrees to the Commissioners of the Caisse being empowered to negotiate with the Government of the Viceroy the measures to be adopted for the introduction of the stamp duty and professional tax on foreigners, and would only reserve to the Powers the right of final decision in the case, which it is hoped will not arise, of there being an irremediable difference of opinion. Expression will at the same time be given to the presumption, that all the other Powers likewise declare their assent to this delegation of power to the Commissioners of the Caisse, and that in the examination and settlement of the two measures due regard shall be paid to such wishes as may be expressed for the protection of the interests of Austro-Hungarian subjects in Egypt.

Vienna, March 1, 1888.

No. 45.

Memorandum communicated by Count Károlyi, March 8, 1888.

THE suggestion having been made by the Austro-Hungarian Government to reserve to the Powers the final decision with regard to the results of the negotiations to be initiated between the Egyptian Government and the Commissioners of the Public Debt concerning the draft laws for instituting a stamp and licence duty in Egypt caused Her Majesty's Government to object in a Memorandum dated Foreign Office, the 4th February, that an arrangement of that nature might easily lead to further delay.

According to the views of Her Majesty's Government, the necessity of reference to the final decision of the Powers would practically only arise in the case of irreconcilable differences of opinion between the Commissioners and the Viceregal Government.

As the suggestion of the Austro-Hungarian Government was made substantially only with a view to the eventuality referred to by Her Majesty's Government, the former have no hesitation in limiting the appeal to the Powers to that eventuality, in conformity with the views expressed by the Cabinet of St. James'.

Consequently, the reply of the Austro-Hungarian Government to the Egyptian Circular note of the 7th November, 1887, will be to the purpose that Austria-Hungary consents to the Commissioners of the Public Debt being delegated to confer with the Khedivial Government upon the draft laws for instituting a stamp and licence duty, and that the right of final decision should be reserved to the respective Governments, solely in the case of an irreconcilable divergence of opinions, a case which it is to be hoped will not occur.

At the same time, the reply will contain the supposition that all other Powers likewise agree to the Commissioners of the Public Debt being delegated for the purpose stated above, and that in the examination of the draft laws and in their wording due notice will be taken of all considerations tending to safeguard the interests of Austrian and Hungarian subjects residing in Egypt.

The Marquis of Salisbury to Sir A. Paget.

(No. 28.)

Sir,

Foreign Office, March 9, 1888.

I HAVE received and laid before the Queen your Excellency's despatch No. 85 of the 3rd instant, inclosing a Memorandum from the Austro-Hungarian Government, stating that they are prepared to agree that the Commissioners of the Caisse should be empowered to negotiate with the Egyptian Government the measures to be adopted for the introduction of the stamp duty and professional tax applicable to foreigners, and that an appeal to the Powers should only be resorted to in the event of irremediable difference of opinion between the Commissioners and the Government of Egypt.

I have to request your Excellency to thank Count Károlyi for this communication, which Her Majesty's Government have received with much satisfaction.

I am, &c.

(Signed) SALISBURY.

No. 47.

Sir E. Baring to the Marquis of Salisbury.—(Received March 10.)

(No. 57.)

(Telegraphic.)

Cairo, March 10, 1888.

CHANGE in the Recruiting Law mentioned in my despatch No. 68 has been made. New tariff is about to be applied to Native Tribunals. I think adoption of these measures should insure financial equilibrium for the year. Prospects of 1889 are considerably better than those of 1888.

No. 48.

Sir E. Baring to the Marquis of Salisbury.—(Received by telegraph, March 10.)

(No. 111. Ext. 57.)

My Lord,

Cairo, March 10, 1888.

I HAVE the honour to state that the change in the Recruiting Law mentioned in my despatch No. 68 of the 11th ultimo has been made. The new tariff is about to be applied to the Native Tribunals.

In my opinion, the adoption of these measures should ensure financial equilibrium for the year. The prospects of 1889 are considerably better than those of 1888.

I have had the honour to telegraph the above to your Lordship this day.

I have, &c.

(Signed) E. BARING.

No. 49.

Sir E. Baring to the Marquis of Salisbury.—(Received March 10.)

(No. 58.)

(Telegraphic.)

Cairo, March 10, 1888.

SIR E. VINCENT is disposed to advise Egyptian Government not to pay Zeyla tribute due on the 13th instant. He bases this on the correspondence with the Porte inclosed in my despatches Nos. 557 and 574.

What attitude would you wish me to adopt?

No. 50.

Sir E. Baring to the Marquis of Salisbury.—(Received March 12.)

(No. 103.)

My Lord,

Cairo, March 4, 1888.

WITH reference to my despatch No. 34 of the 20th January, I have the honour to transmit herewith copy of a Circular which I have received from Nubar Pasha,

together with an amended draft Decree constituting a reserve fund of £ E. 2,000,000, to which his Excellency asks Her Majesty's Government to assent.

Your Lordship will observe that this Decree has been drawn up with the co-operation of the Caisse de la Dette Publique, and I venture to recommend that it be accepted by Her Majesty's Government.

I have also the honour to inclose the reply of the Commissioners of the Debt to the letter of the Egyptian Government of the 19th January inclosed in my despatch No. 34. I would call your Lordship's attention to the fact stated in that letter that the Egyptian Government have undertaken that the Budget of the Railway Administration shall not be reduced below the amount of 45 per cent. of the gross receipts.

I have, &c.
(Signed) E. BARING.

Inclosure 1 in No. 50.

Nubar Pasha to Sir E. Baring.

(Circulaire.)

M. le Ministre,

Le Caire, le 3 Mars, 1888.

LE Gouvernement de Son Altesse le Khédive vient de décider la création d'un fonds de réserve en vue de parer aux diminutions de revenus ou aux charges extraordinaires qui peuvent accidentellement déranger l'équilibre budgétaire de l'État.

Le but de cette mesure et les moyens propres à en assurer la réalisation ayant rencontré l'avis favorable de la Caisse de la Dette Publique, le Gouvernement, de concert avec MM. les Commissaires Directeurs de la Caisse, a élaboré un Projet de Décret qui règle l'organisation du fonds de réserve, son emploi, et les dispositions législatives à intervenir pour sa constitution.

Ce Projet de Décret implique, dans la législation financière en vigueur, certaines modifications dont l'exposé suivant fait ressortir la nature particulière.

Le Décret Khédivial du 27 Juillet, 1885, rendu en conformité de la Convention de Londres du 17 Mars de la même année, porte, au dernier paragraphe de l'Article 21, que tous les excédants des revenus affectés et non-affectés seront répartis par moitié entre le Budget des dépenses administratives et le service de l'amortissement.

En second lieu, l'Article 24 du Décret précité édicte, au deuxième paragraphe, que les titres qui pourront rester à la Caisse de la Dette Publique, après paiement de toutes les dettes de la liquidation, seront annulés; or, le Projet de Décret, dont j'ai l'honneur de vous remettre copie ci-jointe, vise l'attribution au fonds de réserve des titres formant le surplus de l'actif de la liquidation et des sommes destinées à l'amortissement de la dette, à l'exception toutefois des sommes affectées à l'amortissement de la dette garantie par l'Article 5 du Décret Khédivial du 27 Juillet, 1885.

Les stipulations primitives concernant l'amortissement des autres dettes reprendraient cependant leur plein et entier effet dès que le capital de 2,000,000 l. se trouverait constitué en réserve.

D'autre part, l'exercice 1887 présente un excédant dont 340,000 l. proviennent d'un changement dans le mode de comptabilité pour l'inscription des paiements mensuels de la Liste Civile, des allocations, et des traitements, ainsi que de l'imputation des déficits des Domaines et de la Daira.

En faisant concourir cette somme à la formation du fonds de réserve, le Projet de Décret affecte à ce dernier une première et importante ressource, qui permettra d'atteindre beaucoup plus tôt le capital fixé et contribuera ainsi à avancer l'époque de la reprise de l'amortissement.

En outre, les porteurs de titres obtiendraient une garantie de plus par ce fait que, en cas d'insuffisance des revenus affectés, la réserve est appelée en première ligne à parfaire les sommes nécessaires au service des Dettes dont la Caisse de la Dette Publique est chargée.

A un point de vue d'intérêt plus général, l'existence d'un fonds de réserve serait un gage précieux de sécurité et de stabilité pour les finances du pays.

En vous priant de porter le projet de constitution du fonds de réserve à la connaissance de votre Gouvernement, je ne doute pas, M. le Ministre, que vous ne soyez disposé à appuyer le Gouvernement de Son Altesse le Khédive dans l'accomplissement d'une œuvre utile au progrès et à la prospérité de l'Égypte, et je me plais à espérer que, grâce à votre concours, le Gouvernement de Sa Majesté voudra bien donner son assenti-

ment aux dispositions financières du Décret élaboré d'accord avec la Caisse de la Dette Publique.

Veillez, &c.
(Signé) N. NUBAR.

Inclosure 2 in No. 50.

Draft Decree.

NOUS, Khédive d'Égypte,
Sur la proposition de notre Conseil des Ministres, et avec l'assentiment des Puissances;

Avons décrété et décrétons:

Article 1^{er}. Seront consacrés à la constitution d'un fonds de réserve jusqu'à concurrence de £ E. 2,000,000:—

1. La partie des excédants de l'exercice 1887 et des exercices suivants affectée à l'amortissement par l'Article 21, § 5, de notre Décret du 27 Juillet, 1885;

2. A partir du 1^{er} Janvier, 1888, le produit de la vente des terres et immeubles libres autres que ceux qui figurent sur les catalogues dressés en 1880 et sont affectés aux charges spécifiées par les Articles 9 et 10 du même Décret;

3. Le reliquat éventuel des titres de la Dette Égyptienne affectés au règlement de la Liquidation, suivant le même Décret, Article 24;

4. Sous la condition indiquée plus loin, £ E. 340,000 restées libres sur les dépenses Administratives de 1887, par suite des modifications apportées au mode de paiement de la Liste Civile, des allocations et des traitements, et à l'imputation des déficits des Domaines et de la Daira Sanieh.

Art. 2. Le fonds de réserve sera déposé à la Caisse de la Dette; les sommes en faisant partie seront employées par elle en achat de titres de la Dette Égyptienne.

Le montant des coupons de ces titres et de ceux provenant éventuellement de l'actif de la Liquidation sera versé au fonds de réserve dans le cas où le capital de ce dernier n'existerait pas dans son intégralité; dans le cas contraire, leur montant sera employé à l'amortissement, dans les mêmes conditions que celles fixées pour l'amortissement prévu à l'Article 4 ci-après.

La Caisse de la Dette fera face par la vente de titres aux prélèvements à effectuer sur ce fonds.

Art. 3. Le fonds de réserve est destiné:

1. En cas d'insuffisance des revenus affectés à parfaire les sommes nécessaires au service des dettes dont la Caisse est chargée;

2. A combler l'insuffisance des revenus non affectés pour pourvoir aux dépenses prévues par l'Article 18 de notre Décret du 27 Juillet, 1885, et autres consenties ou à consentir par les Puissances;

3. A des dépenses extraordinaires engagées conformément à l'avis préalable de la Commission de la Dette.

Toutefois les £ E. 340,000 mentionnées au § 4 de l'Article 1^{er} ne pourront pas être employées à combler les déficits des revenus non affectés.

Art. 4. L'amortissement des dettes sera repris dans les conditions énoncées à l'Article 22 de notre Décret du 27 Juillet, 1885, dès que le fonds de réserve aura été intégralement constitué, pour être suspendu de nouveau quand et tant que par suite des prélèvements opérés en vertu de l'Article 3, ci-dessus, son capital sera inférieur à £ E. 2,000,000.

Art. 5. Dans toutes les affaires déjà introduites ou à introduire pouvant entraîner une condamnation à la charge de la Liquidation, et, par suite, une diminution du fonds de réserve constitué par le présent Décret, la Caisse de la Dette devra être mise en cause.

Art. 6. Nos Ministres de la Justice et des Finances sont chargés de l'exécution du présent Décret.

Inclosure 3 in No. 50.

Mr. Money to Mohamed Zeki Pasha.

M. le Ministre,

Caire, le 9 Février, 1888.

NOUS avons examiné avec attention le projet que vous nous avez communiqué par votre lettre du 19 Janvier dernier. En principe, nous avons reconnu les avantages que présenterait pour les créanciers mêmes de l'État la constitution d'un fonds de réserve pouvant, le cas échéant, pourvoir à l'insuffisance des revenus affectés, et créant ainsi une garantie de plus pour le service de la dette.

Toutefois, nous avons pensé que ce projet devait être modifié dans sa teneur, notamment en ce qui concerne l'emploi des sommes restées disponibles à fin 1887, par suite des modifications apportées au système de comptabilité suivi jusque là pour le paiement des traitements, et l'imputation des déficits des Domaines et de la Daïra Sanieh.

Le Gouvernement ayant chargé M. le Sous-Secrétaire d'État à votre département de s'entendre avec nous sur une rédaction nouvelle, nous avons l'honneur de remettre ci-inclus à votre Excellence le texte sur lequel nous sommes tombés d'accord avec lui.

Nous sommes heureux d'avoir, à l'occasion de cette négociation, réglé certaines questions pendantes; nous sommes particulièrement satisfaits de l'engagement pris par le Gouvernement et consigné dans votre lettre du 9 Février courant, qu'au moins jusqu'à l'exercice 1894 aucune réduction ne sera faite sur le Budget des Chemins de Fer au-dessous du 45 pour cent de leurs recettes, les économies réalisées sur ce quantum au cours d'un exercice devant être réservées pour être ultérieurement employées. L'interprétation donnée à la question des biens libres, et l'entrée dans le nouveau fonds de réserve d'une partie de ces biens, sont également de nature à nous satisfaire.

Veuillez, &c.
Le Commissaire de Service,
(Signé) A. MONEY.

No. 51.

Sir E. Baring to the Marquis of Salisbury.—(Received March 12.)

(No. 105.)

My Lord,

Cairo, March 4, 1888.

I HAVE the honour to transmit herewith copies of two Khedivial Decrees which have just been issued on the subject of the military conscription.

By the first of these Decrees the drawings for military service are appointed to take place every year instead of once in each five years, and by the second the payment for exemption from the drawing by lot is reduced from £ E. 40 to £ E. 20.

I have, &c.
(Signed) E. BARING.

Inclosure 1 in No. 51.

*Extract from the "Journal Officiel" of March 3, 1888.**Décret.*

NOUS, Khédive d'Égypte,

Vu notre Décret du 9 Gamad-akher, 1302 (26 Mars, 1885), portant règlement des recrues militaires;

Sur la proposition de notre Ministre de la Guerre et de la Marine et l'avis conforme de notre Conseil des Ministres;

Notre Conseil Législatif entendu;

Décrétons :

Article 1^{er}. Les opérations du tirage au sort, qui jusqu'ici se faisaient tous les cinq ans pour les conscrits âgés de 19 à 23 ans, devront, à l'avenir, se faire chaque année et ne comprendre que les conscrits de l'âge de 19 ans.

Art. 2. Par exception, et pour mettre à jour les listes de recrutement, sont soumis au tirage au sort :—

1. En l'année 1888, les jeunes gens nés pendant les années 1284 et 1285 de l'Hégire.

2. En l'année 1889, les jeunes gens nés pendant les années 1286 et 1287 de l'Hégire.

La classe de 1890 comprendra les jeunes gens nés en 1288, et ainsi de suite chaque année.

Art. 3. Les jeunes gens ayant tiré au sort, reconnus aptes au service, et qui ne sont pas appelés sous les drapeaux, seront rayés des listes de recrutement dès qu'ils auront atteint l'âge de 27 ans. Ils ne pourront être appelés sous les drapeaux qu'en cas de danger national.

Art. 4. Le présent Décret est exécutoire à partir de sa promulgation, nonobstant toutes dispositions contraires résultant de tous Décrets et Règlements actuellement en vigueur.

Art. 5. Notre Ministre de la Guerre et de la Marine est chargé de l'exécution du présent Décret.

Fait au Palais d'Abdin, le 18 Gamad-akher, 1305 (1^{er} Mars, 1888).

(Signé) MEHÉMET TEWFIK.

Par le Khédive :

Le Président du Conseil des Ministres,

(Signé) NUBAR.

Le Ministre de la Guerre et de la Marine,

(Signé) MOUSTAPHA FEHMY.

Inclosure 2 in No. 51.

*Extract from the "Journal Officiel" of March 3, 1888.**Décret.*

NOUS, Khédive d'Égypte,

Sur la proposition de notre Ministre de la Guerre et l'avis conforme de notre Conseil des Ministres;

Notre Conseil Législatif entendu;

Décrétons :

Article 1^{er}. Le troisième alinéa de l'Article 1^{er} de notre Décret du 9 Juin, 1886, portant :

"1. Par le paiement de £ E. 40 effectué antérieurement à la comparution par devant la Commission du Tirage"

Est modifié comme suit :

1. Par le paiement de £ E. 20 effectué antérieurement à la comparution par devant la Commission du Tirage.

Art. 2. Notre Ministre de la Guerre est chargé de l'exécution du présent Décret.

Fait au Palais d'Abdin, le 18 Gamad-akher 1305 (1^{er} Mars, 1888).

(Signé) MEHÉMET TEWFIK.

Par le Khédive :

Le Président du Conseil des Ministres,

(Signé) NUBAR.

Le Ministre de la Guerre,

(Signé) MOUSTAPHA FEHMY.

No. 52.

Sir E. Baring to the Marquis of Salisbury.—(Received March 12, 11 A.M.)

(No. 60.)

(Telegraphic.)

Cairo, March 12, 1888, 9:55 A.M.

BARON RICHTHOFEN, German Commissioner of the Debt, is about to go to London, taking Berlin on his way, to negotiate the loan. He goes as an Agent of the Egyptian Government, and not as representing the Caisse.

Sir E. Baring to the Marquis of Salisbury.—(Received by telegraph, March 12.)

(No. 116. Ext. 60.)

My Lord,

Cairo, March 12, 1888.

I HAD the honour this day to inform your Lordship, by telegraph, that Baron Richtofen, the German Commissioner of the Caisse de la Dette Publique, is about to proceed to London, taking Berlin on his way, to negotiate the new loan.

Baron Richtofen goes as an Agent of the Egyptian Government, and not as representing the Caisse.

I have, &c.
(Signed) E. BARING.

The Marquis of Salisbury to Sir E. Baring.

(No. 29.)

(Telegraphic.)

Foreign Office, March 12, 1888, 3.40 P.M.

YOUR telegram No. 58 [of 10th]: Zeyla tribute.

It will be best to let the Egyptian Government take their own course in the matter. They know best how far they can go with the Porte. If they can get off paying the tribute, so much the better. But we must not make ourselves responsible for getting them into a difficulty with the Sovereign Power.

The Marquis of Salisbury to Sir E. Baring.

(No. 67.)

Sir,

Foreign Office, March 14, 1888.

I TRANSMIT to you herewith a copy of a letter from the Treasury,* inclosing a receipt for the sum of 248,828l. 14s. 4d., which has been paid by the Government of the Khedive on account of capitation and Suez Canal shares interest.

You will forward this receipt to the Egyptian Government, observing that a further payment of 50,000l. will be due to Her Majesty's Government in respect of capitation for the last quarter of the financial year 1887-88.

I am, &c.
(Signed) SALISBURY.

The Marquis of Salisbury to Her Majesty's Embassies at Paris, St. Petersburg, Berlin, and Rome.

My Lord,

Sir,

Foreign Office, March 15, 1888.

AS you are aware, the Egyptian Government have recently inquired of the Powers whether they will consent to the Commissioners of the Caisse being empowered, in conjunction with the Egyptian Government, to settle the question of the extension of the stamp duty and professional tax to Europeans, as agreed to in principle by Article 2 of the Declaration signed in London on the 17th March, 1885.

The Austro-Hungarian Government were at first disposed to reply that the draft laws imposing these taxes should, when drawn up, be submitted to the Powers for their approval; but, after communication with Her Majesty's Government, they have agreed to waive this condition, stipulating only that the Powers shall be consulted in the event of irreconcilable differences of opinion arising between the Commissioners of the Caisse and the Khedivial Government.

I annex a copy of a Memorandum communicated to me by the Austrian Ambassador which embodies the views of his Government,† and I have to request that you will express to the Minister for Foreign Affairs the hope of Her Majesty's

* Treasury, March 13, 1888.

† No. 45.

Government that the Government will return a similar answer to the Egyptian Circular of November last.

I am, &c.
(Signed) SALISBURY.

Foreign Office to Treasury.

Sir,

Foreign Office, March 15, 1888.

IN my letter of the 1st February I inclosed, for consideration by the Lords Commissioners of the Treasury, a despatch from Her Majesty's Agent and Consul-General in Egypt relative to the proposed creation of a reserve fund of 2,000,000l. to meet any unforeseen calls upon the Egyptian Treasury.

I am now directed by the Marquis of Salisbury to transmit herewith, for immediate consideration by their Lordships, a copy of a further despatch from Sir E. Baring,* inclosing an amended draft of a Decree for the constitution of this reserve fund, to which Nubar Pasha requests the assent of Her Majesty's Government.

It will be seen that this Decree has been drawn up with the co-operation of the Commissioners of the Caisse, and that Sir E. Baring recommends its acceptance.

I am to request that you will state to the Lords Commissioners of the Treasury that Lord Salisbury, under these circumstances, proposes, with their concurrence, to inform Sir E. Baring, by telegraph, that Her Majesty's Government are ready to accept the Decree.

I am, &c.
(Signed) JULIAN PAUNCEFOTE.

Sir E. Malet to the Marquis of Salisbury.—(Received March 19.)

(No. 87.)

My Lord,

Berlin, March 17, 1888.

WITH reference to your Lordship's despatch No. 76 of the 15th instant, respecting the question of stamp duty and professional tax to Europeans in Egypt, I have the honour to inform your Lordship that I have addressed a *note verbale* to the Imperial Ministry for Foreign Affairs in the terms of that despatch.

I have, &c.
(Signed) EDWARD B. MALET.

Sir W. White to the Marquis of Salisbury.—(Received March 23, 11.15 A.M.)

(No. 29.)

(Telegraphic.)

Constantinople, March 23, 1888, 11 A.M.

NEW Egyptian Loan.

I understand the ex-Khedive is pressing at the Palace to obtain Sultan's sanction to the above-mentioned loan, hitherto without success; but Sultan sympathizes greatly with Ismail Pasha at the loss of his son Prince Hassan, who died yesterday, and may like to oblige him in this.

(Sent to Baring.)

Sir E. Baring to the Marquis of Salisbury.—(Received March 26.)

(No. 130.)

My Lord,

Cairo, March 18, 1888.

I HAVE the honour to transmit herewith copy of a Report addressed to the Khedive by the Minister of Finance on the financial results of 1887.

I have already had the honour to address your Lordship very fully on the financial situation in my despatch No. 68 of the 11th ultimo, and it is therefore unnecessary for me to offer any further observations on the subject.

I have, &c.

(Signed) E. BARING.

Inclosure in No. 60.

Extract from the "Journal Officiel" of March 17, 1888.

CABINET DU MINISTRE DES FINANCES.

Rapport adressé à Son Altesse le Khédive par son Excellence le Ministre des Finances, sur les Résultats Financiers de l'Exercice 1887.

Monseigneur,

J'AI l'honneur de rendre compte à votre Altesse des résultats financiers de l'exercice 1887.

Au 1^{er} Janvier l'encaisse était constitué comme suit :—

	£ E.	£ E.
A la Caisse de la Dette Publique	2,203,011	
dont il convient de déduire le montant de la retenue sur les coupons de la dette, et les intérêts des actions du Canal de Suez, pour les années 1885 et 1886, payés en 1887	437,315	
		1,765,696
A la Caisse du Ministère des Finances et dans les autres Caisses des Administrations		637,874
Dans les banques		182,990
Formant un total net de		2,586,560

Au 31 Décembre l'encaisse se composait des sommes ci-après :—

	£ E.
A la Caisse de la Dette Publique	1,813,136
A la Caisse du Ministère des Finances et dans les Caisses des autres Administrations	705,355
Dans les banques	399,295
A la Monnaie de Berlin	79,932
Ensemble	2,997,718

Comparativement au 1^{er} Janvier, l'encaisse au 31 Décembre a présenté une augmentation de £ E. 411,158, dont £ E. 200,000 proviennent du changement de l'époque de paiement des traitements, pensions, &c.

Les encaisses du Ministère des Finances et autres administrations au 1^{er} Janvier et 31 Décembre comprennent une somme de £ E. 419,196, qui représente la partie du fonds de Trésorerie mise à la disposition du Gouvernement; la différence entre cette somme et les £ E. 500,000 du fonds de Trésorerie est comprise dans le solde disponible à la Caisse de la Dette Publique pour le compte de l'Emprunt garanti; le fonds de Trésorerie se trouve par conséquent intact.

Au 31 Décembre il n'existait aucune dette flottante, les avances des banques dans le courant de l'année ayant été intégralement remboursées.

Le Tableau suivant établit la comparaison des recettes et des dépenses ordinaires avec les prévisions budgétaires pour les deux dernières années et avec les prévisions de l'année courante.

RECETTES.

		Prévisions.	Réalisations.
		£ E.	£ E.
1886*	.. .. .	9,491,586	9,574,393
1887	.. .. .	9,675,247	9,616,358
Total	.. .. .	19,166,833	19,190,751
Moyenne 1888	.. .. .	9,583,416	9,595,375
	.. .. .	9,600,000	..

DÉPENSES.

		Prévisions.	Réalisations.
		£ E.	£ E.
1886*	.. .. .	9,442,746	9,402,529†
1887	.. .. .	9,628,961	9,531,485
Total	.. .. .	19,111,707	18,934,014
Moyenne 1888	.. .. .	9,555,853	9,467,007
	.. .. .	9,576,000	..

* Les £ E. 250,000 de la corvée ont été ajoutées aux chiffres du Budget publié, tant du côté des recettes que du côté des dépenses, puisque cette somme est comprise dans les réalisations.

† L'économie de £ E. 340,000 (£ E. 200,000 traitements, pensions, &c., de Décembre, et d'une partie du déficit des Domaines et de la Daïra, a été ajoutée aux dépenses pour pouvoir établir la comparaison avec les prévisions.

Le compte de l'Emprunt garanti de 1885, arrêté au 31 Décembre, 1887, présente la situation suivante :—

	Crédits autorisés.	Dépenses.	Solde.
	£ E.	£ E.	£ E.
Indemnités	4,143,956	4,143,956	..
Déficit pour 1884	2,657,000	2,633,320	23,680
Déficit pour 1885	100,000	100,000	..
Douane et Palais de Justice	100,000	100,000	..
Soudan	1,000,000	834,182	165,818
Travaux extraordinaires d'irrigation	1,000,000	479,715	520,285
Frais d'émission	78,118	78,118	..
Fonds de Trésorerie	500,000	..	500,000
Rachats de pensions	550,000	508,838	41,162
Total	10,129,074	8,878,129	1,250,945

Le solde disponible qui apparaît se décompose comme suit :—

	£ E.
Solde disponible	240,165
Fonds de Trésorerie à la disposition du Gouvernement	419,196
Fonds de Trésorerie à la Caisse de la Dette	80,804
Valeur présumée de terres libres	510,780
Total	1,250,945

En ce qui concerne la situation de la Dette Publique, les opérations effectuées pendant l'année 1887 ont eu pour résultat de réduire la dette d'une somme de 574,680l. Les titres de la Dette Publique en circulation au 30 Novembre, 1887, représentaient une valeur nominale de 103,028,000l.

Le Gouvernement de votre Altesse se propose, avec le concours de la Caisse de la Dette, de constituer un fonds de réserve pour les besoins extraordinaires et imprévus qui peuvent se produire par suite de circonstances exceptionnelles.

Les opérations budgétaires de cette année permettront d'appliquer à cette réserve une somme d'environ £ E. 400,000.

En dehors de cette ressource, le Trésor a à sa disposition une somme de £ E. 76,552, provenant des excédants effectifs :

De 1886, pour	..	..	..	..	..	..	£ E.
De 1887, pour	..	..	..	..	..	..	22,848
							53,704
							76,552

La constitution d'un fonds de réserve est une mesure de haute prévoyance dont la réalisation est appelée à exercer la plus heureuse influence sur l'avenir financier du pays.

J'ai, &c.
Le Ministre des Finances,
(Signé) MOHAMED ZÉKI.

A Son Altesse Méhémet Tewfik Pacha,
Khédive d'Égypte.
Le Caire, le 4 Mars, 1888.

No. 61.

Sir E. Baring to the Marquis of Salisbury.—(Received March 26.)

(No. 131.)

My Lord,

Cairo, March 18, 1888.

I HAVE the honour to transmit herewith copy of a draft Decree respecting the forthcoming issue of a new loan as agreed upon by the Egyptian Government and the Caisse de la Dette Publique.

Your Lordship will observe that mention is made of an Imperial Firman authorizing the issue of a loan of 5,000,000l. This Firman has not, as yet, been granted by the Sultan.

I have, &c.
(Signed) E. BARING.

Inclosure in No. 61.

Draft Decree.

NOUS, Khédive d'Égypte,

Vu le Firman de Sa Majesté Impériale le Sultan contenant l'autorisation d'émettre un Emprunt de 5,000,000l. ;

Vu la Loi de Liquidation du 17 Juillet, 1880 ;

Vu notre Décret du 27 Juillet, 1885 ;

Vu notre Décret de ce jour sanctionnant l'arrangement intervenu avec plusieurs membres de notre famille ;

Sur la proposition de notre Conseil des Ministres et sur l'avis conforme de MM. les Commissaires-Directeurs de la Caisse de la Dette Publique ;

Avons décrété et décrétons :

Article 1^{er}. Notre Ministre des Finances est autorisé à émettre, à un taux qui ne pourra excéder le 5 pour cent à valoir sur la somme de 5,000,000l. ci-dessus mentionnée, la quantité de titres nécessaire pour produire, après le prélèvement des coupons de 1888 et le paiement des frais de remise et autres frais de l'opération, une somme effective maxima de £ E. 2,000,000 (2,051,282l.).

Un Décret ultérieur déterminera le taux, les conditions, et la date des émissions.

Art. 2. Les coupons de cet Emprunt seront payés en or en Égypte, à Londres, à Berlin, et à Paris, le 20 Juin et le 20 Décembre de chaque année.

MM. les Commissaires de la Dette, de concert avec notre Ministre des Finances, fixeront, en monnaie Française et en monnaie Allemande, le change des paiements à Paris et à Berlin des coupons de cet Emprunt, sans que ce change puisse jamais dépasser la parité de la livre sterling, ni être inférieur à 25 fr., ou 20 marks et 25 pfennings.

Art. 3. Le service de cet Emprunt sera effectué par la Caisse de la Dette Publique, dans les mêmes conditions que le service de l'Emprunt Garanti et des Dettes Privilégiée et Unifiée.

Art. 4. Les obligations de cet Emprunt ne pourront être frappées d'aucun impôt au profit de notre Gouvernement.

Art. 5. Une annuité fixe de £ E. 130,000 (133,333l.) est destinée au service de cet Emprunt et fera partie de la somme à laquelle ont été arrêtées les dépenses administratives par l'Article 18 de notre Décret du 27 Juillet, 1885.

Elle sera payée par mensualités de £ E. 10,833 (11,111l.) qui seront versées le 1^{er} de chaque mois, à partir du 1^{er} Janvier, 1889, par le Ministre des Finances à la Caisse de la Dette Publique.

En cas de retard dans le paiement d'une seule de ces mensualités, le produit des Contributions Directes et Indirectes de la ville du Caire, perçues par la Daïra Baladiéh, sera versé par cette Administration à la Caisse de la Dette Publique, sur sa simple demande, jusqu'à ce que le paiement de la semestrialité à échoir soit assuré intégralement, et ce sous les mêmes responsabilités que celles édictées par le Décret du 2 Mai, 1876, pour les fonctionnaires des Provinces et Administrations affectées à la Dette Publique.

Le Gouvernement s'engage à n'apporter dans les contributions mentionnées ci-dessus aucune modification qui serait de nature à en réduire le rendement au-dessous d'une somme annuelle de £ E. 300,000.

Art. 6. La portion de cette annuité qui ne serait pas absorbée par le service de l'intérêt sera affectée à l'amortissement.

Art. 7. L'annuité fixée à l'Article 5 sera diminuée d'un quart lorsque, par suite des amortissements, le montant des titres restant en circulation sera réduit aux trois quarts de l'émission.

Art. 8. Tous les versements de l'Emprunt seront centralisés à la Caisse de la Dette.

Art. 9. Sur le produit de cet Emprunt sont destinées :—

£ E.	
1,275,000	à faire face à l'arrangement intervenu avec plusieurs membres de notre famille et sanctionné par notre Décret de ce jour.
450,000	à permettre la continuation de l'échange des pensions contre des terres libres ou Domainiales. Cet échange se fera conformément aux dispositions d'un Décret à promulguer ultérieurement.
Le surplus, 275,000	constituera une avance sur la réalisation des biens libres catalogués pour faire face aux charges prévues par l'Article 9 de notre Décret du 27 Juillet, 1885.
2,000,000	

La Commission de la Dette remettra à notre Ministre des Finances, au fur et à mesure de ses besoins, la somme de £ E. 275,000 mentionnée ci-dessus ; les autres sommes seront versées par elle, directement, aux divers ayants-droit, sur mandats Ministériels.

Art. 10. Le produit net de la réalisation des biens libres catalogués qui ont été vendus depuis le 1^{er} Janvier, 1888, ou qui seront vendus à l'avenir, soit à des pensionnaires, soit à d'autres, sera versé tous les trois mois par notre Ministre des Finances à la Caisse de la Dette Publique. Chaque versement sera accompagné d'un état détaillé des ventes effectuées dans le trimestre.

Ces versements seront affectés :

1^{er}. Aux charges spécifiées dans l'Article 9 de notre Décret du 27 Juillet, 1885, après épuisement de la somme de £ E. 275,000 mentionnée à l'Article 9.

2. Au remboursement de cette avance de £ E. 275,000 ; les sommes ainsi remboursées devant être employées à l'amortissement de l'Emprunt émis en vertu du présent Décret.

3. A l'amortissement de l'Emprunt Garanti, conformément aux dispositions de l'Article 10 de notre Décret du 27 Juillet, 1885.

Art. 11. Il sera loisible à notre Gouvernement de rembourser à la Caisse de la Dette, à n'importe quelle époque, toute ou partie de l'avance de £ E. 275,000, ainsi que de lui verser toute autre somme dont il pourrait disposer pour l'amortissement visé au paragraphe 2 de l'Article 10.

Art. 12. L'amortissement prévu par les Articles 6, 10 (alinéa 3), et 11 du présent Décret se fera par rachat au cours du marché ; lorsque ce cours sera supérieur au pair, il s'effectuera au pair par voie de tirages.

No. 62.

Sir E. Baring to the Marquis of Salisbury.—(Received March 26.)

(No. 122.)

My Lord,

Cairo, March 16, 1888.

IN my financial despatch No. 68 of the 11th ultimo I stated that the expenditure under the head of Domains and Daïra deficits for 1888 was estimated at £ E. 350,000. This expenditure depends on the results obtained by the two Administrations during the previous year. I further stated that the Domains deficit for 1887 would probably amount to about £ E. 145,000, and the Daïra deficit to about £ E. 230,000, making a total of £ E. 375,000. This was £ E. 25,000 in excess of the estimate.

I am now informed that the Domains deficit will probably not exceed £ E. 130,000, and that the Daïra deficit will be about £ E. 188,000, making a total of £ E. 318,000. This is £ E. 32,000 less than the estimate, and £ E. 57,000 less than the figures given in my despatch.

These figures are not final. It appears, however, to be certain that the two deficits, taken together, will be less than the estimate.

I have, &c.
(Signed) E. BARING.

No. 63.

Sir R. Morier to the Marquis of Salisbury.—(Received March 26.)

(No. 110.)

My Lord,

St. Petersburg, March 21, 1888.

IN accordance with the instructions contained in your Lordship's despatch No. 81 of the 15th instant, I expressed to M. de Giers to-day the hope of Her Majesty's Government that that of Russia would return an answer to the Egyptian Circular of November last, similar to that contained in the Memorandum communicated to you by Count Károlyi on the 2nd instant.

His Excellency said he had no knowledge of the views of the Austro-Hungarian Government on the subject, but that he had been in communication with the French Ambassador, who had informed him of the conditions under which France had consented to the request of the Egyptian Government, and that, as these conditions appeared to him to meet the case, he had instructed the Russian Agent at Cairo to adhere to them.

I asked M. de Giers to be so good as to let me have a copy of the conditions he had mentioned; and I have the honour to transmit it herewith.

I have, &c.
(Signed) R. B. D. MORIER.

Inclosure in No. 63.

Conditions auxquelles sera subordonnée l'Étude de la Commission de la Dette des Projets de Décret relatifs à la Taxe sur le Timbre et les Patentes.

1. IL devra être formellement entendu que la procédure suggérée par Nubar Pacha ne constituera à aucun titre un précédent de nature à modifier la compétence de la Commission de la Dette.

2. La Commission de la Dette ne pourra émettre, en l'espèce, de décision valable qu'à l'unanimité, non à la majorité, de ses membres.

3. L'avis de la Caisse aurait à être sanctionné par les différentes Puissances avant que l'Égypte puisse s'en prévaloir à l'égard des étrangers.

No. 64.

Sir E. Baring to the Marquis of Salisbury.—(Received March 28, 10.30 A.M.)

(No. 67.)

(Telegraphic.)

Cairo, March 28, 1888, 8.55 A.M.

MY despatch No. 103 of the 4th.

Can I assent to Decree on behalf of Her Majesty's Government? Austrian Government has assented, and German Government is about to do so.

No. 65.

Sir E. Malet to the Marquis of Salisbury.—(Received April 2.)

(No. 98.)

My Lord,

Berlin, March 31, 1888.

WITH reference to your Lordship's despatch No. 76 of the 15th instant, I have the honour to inform your Lordship that I learn from the German Ministry for Foreign Affairs that the German Representative in Egypt has been instructed to reply to the Egyptian Government in the sense desired by Her Majesty's Government with respect to the settlement of the question of the stamp duty and professional tax to Europeans, and that the German Ambassador at the Court of St. James' has been instructed to make a communication to this effect to your Lordship.

I have, &c.
(In the absence of Sir E. Malet),
(Signed) CHARLES S. SCOTT.

No. 66.

Sir E. Malet to the Marquis of Salisbury.—(Received April 2.)

(No. 99.)

My Lord,

Berlin, March 31, 1888.

I HAVE the honour to inform your Lordship that Baron Richthofen, German Commissioner of the Caisse in Egypt, accompanied by Mr. Herbert Moxley, Sir Edgar Vincent's Private Secretary, arrived in Berlin last Monday in order to arrange the proposed Egyptian loan with Messrs. Bleichröder, and that these gentlemen will leave shortly for London with the object of concluding a similar transaction there.

I have, &c.
(In the absence of Sir E. Malet),
(Signed) CHARLES S. SCOTT.

No. 67.

The Marquis of Salisbury to Sir E. Baring.

(No. 37.)

(Telegraphic.)

Foreign Office, April 4, 1888, 4.30 P.M.

YOUR telegram No. 70.

You may express assent of Her Majesty's Government to Decree for establishment of reserve fund.

No. 68.

The Marquis of Salisbury to Sir E. Baring.

(No. 87. Ext. 37.)

Sir,

Foreign Office, April 4, 1888.

I HAVE been in communication with the Lords Commissioners of the Treasury on the subject of your despatch No. 103 of the 4th ultimo, relative to the proposed establishment by the Egyptian Government of a reserve fund of £ E. 2,000,000; and I have to state that you are authorized to express the assent of Her Majesty's Government to the Decree to be issued for this purpose, of which a copy was forwarded in your despatch above referred to.

I am, &c.
(Signed) SALISBURY.

Sir E. Baring to the Marquis of Salisbury.—(Received April 4, 5 P.M.)

(No. 72.)

(Telegraphic.)

Cairo, April 4, 1888, 3:35 P.M.

ROTHSCHILDs have agreed to take the loan firm at 93. Rate of interest $4\frac{1}{2}$ per cent. Offer to hold good for a fortnight in any case, and for a further fortnight if Consols do not go below par. It is most important to get consent of the Sultan at once. Can anything be done at Constantinople to help?

(Sent to Constantinople.)

Sir E. Baring to the Marquis of Salisbury.—(Received by telegraph, April 4.)

(No. 148. Ext. 72.)

My Lord,

Cairo, April 4, 1888.

I HAVE this day had the honour to inform your Lordship, by telegraph, that Messrs. Rothschild have agreed to take the loan firm at 93, the rate of interest being $4\frac{1}{2}$ per cent. The offer is to hold good for a fortnight in any case, and for a further fortnight if Consols do not go below par.

It is most important to get the consent of the Sultan at once. I should, therefore, be much obliged if your Lordship would inform me whether anything can be done at Constantinople to assist in this matter.

I have communicated the above to Sir W. White by telegraph this afternoon.

I have, &c.
(Signed) E. BARING.

Sir W. White to the Marquis of Salisbury.—(Received April 4, 11:15 P.M.)

(No. 33.)

(Telegraphic.)

Constantinople, April 4, 1888, 8:40 P.M.

NEW Egyptian Loan: Sir E. Baring's telegram to your Lordship of to-day.

My intervention with the Sultan on any question connected with Egypt would be sure to increase, instead of diminish difficulties, as it would be sure to raise suspicion.

(Sent to Baring.)

Sir W. White to the Marquis of Salisbury.—(Received April 6, 2:30 P.M.)

(No. 34.)

(Telegraphic.)

Constantinople, April 6, 1888, 1:20 P.M.

EGYPTIAN new loan.

I have just obtained reliable information as to motives which make Sultan delay granting his Firman for above loan. One consists in complaints which have come from Egypt against the arrangement with Ismail Pasha, emanating from some Egyptian Princesses; another in a belief entertained by Sultan that, by withholding his assent, His Majesty retains a means of pressure upon Her Majesty's Government as to the evacuation of Egypt.

(Sent to Sir E. Baring.)

The Marquis of Salisbury to Sir E. Malet.

(No. 21.)

(Telegraphic.)

Foreign Office, April 6, 1888, 6:45 P.M.

PRAY urge Count Bismarck to instruct Radowitz to support application to the Sultan for his consent to the new Egyptian loan. It is very necessary for Egyptian finance; but White reports that the Sultan is inclined to refuse in order to put pressure upon us.

Action from White is no use, but Radowitz could do a great deal.

Bleichröder is largely concerned.

Sir E. Baring to the Marquis of Salisbury.—(Received April 7, 2:50 P.M.)

(No. 75.)

(Telegraphic.)

Cairo, April 7, 1888, 2:40 P.M.

FOLLOWING sent to Sir W. White:—

"If you could find out for me names of Princesses, I could probably show that their complaints are groundless. Desirable as it would be to obtain Sultan's assent, I should certainly not advise Her Majesty's Government to make the least concession on matters of general Egyptian policy in order to obtain it. Only result of his continued refusal will be to weaken his hold over Egypt.

"We are advised that the portion of the loan which is an operation of conversion does not require his consent; and it is proposed, unless he agrees speedily, to go on with this portion without further reference to Sultan."

Sir E. Malet to the Marquis of Salisbury.—(Received April 7, 5:30 P.M.)

(No. 21.)

(Telegraphic.)

Berlin, April 7, 1888, 1:50 P.M.

YOUR Lordship's No. 21 of yesterday: Egyptian loan.

Count Bismarck had been warned by Count Hatzfeldt that I should make the request, and he was desired by Prince Bismarck to say to me that the matter required consideration, and that he regretted not to be able to give an answer at present.

Sir E. Malet to the Marquis of Salisbury.—(Received by telegraph, April 7.)

(No. 107. Ext. 21.)

My Lord,

Berlin, April 7, 1888.

WITH reference to your Lordship's telegram No. 21, dated yesterday, instructing me to request Count Bismarck to direct M. de Radowitz to use his influence with the Sultan to induce His Majesty to consent to the new Egyptian loan, I have the honour to inform your Lordship that Count Bismarck had already learnt from Count Hatzfeldt that such a request would be made by me, and Prince Bismarck had desired him to reply that the matter was one which required consideration, and that he was sorry to say he could not give me an answer at present.

I have reported the above, by telegraph, to your Lordship to-day.

I have, &c.
(Signed) EDWARD B. MALET.

DETTE PRIVILÉGIÉE.

Echéance du 15 Avril, 1888—	£
Capital restant à amortir	22,296,800
Dotation d'intérêts	557,420

Nota.—Le complément des dotations de la Dette Priviligée est prélevé sur les revenus de la Dette Unifiée.

Désignation des Administrations dont les Revenus sont affectés au Service de la Dette Priviligée.	Sommes versées—		Totaux au 31 Mars, 1888.
	Du 1 ^{er} au 31 Mars, 1888.	Du 15 Octobre, 1887, au 29 Février, 1888.	
Chemins de Fer, Télégraphes, et Port d'Alexandrie .	£ E. m. 48,750 000	£ E. m. 409,500 000	£ E. m. 458,250 000
Soit	..	..	£ 470,000

DETTE UNIFIÉE.

Echéance du 1 ^{er} Mai, 1888—	£
Capital restant à amortir	55,990,260 0
Dotation d'intérêts	1,119,805 4

Désignation des Administrations et Provinces dont les Revenus sont affectés au Service de la Dette Unifiée.	Sommes versées—		Totaux au 31 Mars, 1888.
	Du 1 ^{er} au 31 Mars, 1888.	Du 26 Octobre, 1887, au 29 Février, 1888.	
Province de Garbich	£ E. m. 1,222 643	£ E. m. 505,002 481	£ E. m. 506,225 124
.. Menoufich	11,128 876	322,715 614	333,844 490
.. Béhéra	482 843	219,782 391	220,265 234
.. Siout	61,205 006	53,455 582	114,660 588
Douanes	39,700 557	204,966 045	244,675 602
Droits sur les tabacs d'importation	34,249 000	116,703 000	149,943 000
Solde encaissé des provinces par le Ministère des Finances au 31 Décembre, 1887	..	..	17,799 918
Soit	147,983 923	1,421,625 113	1,567,413 956
.. .. .	..	..	£ 1,628,117

Les Commissaires-Directeurs.

(Signé) G. LE CHEVALIER.
G. B. MACHIAVELLI.
A. MONEY.
Prince A. MOUROUSSI.
Comte ZALUSKI.

Pour copie conforme :

Le Contrôleur,

(Signé) W. MOG.

Le Caire, le 2 Avril, 1888.

No. 81.

Sir E. Baring to the Marquis of Salisbury.—(Received April 16.)

(No. 152.)

My Lord,

Cairo, April 6, 1888.

I HAVE the honour to inclose a copy of the Corvée Decree which has at last been published in the official journal. The first communication to the Powers on this subject was made on the 13th December, 1885. It has therefore taken about two years and a-quarter to bring the negotiations to a conclusion. I need not comment on this fact. I merely state it, in order to show how the system of legislation by

diplomacy works in practice. I should add that, considered on its own merits, the subject presented no considerable difficulties.

I have, &c.
(Signed) E. BARING.

Inclosure in No. 81.

Extract from the "Journal Officiel" of April 4, 1888.

Décret.

NOUS, Khédivé d'Égypte,

Considérant qu'il importe à la prospérité agricole de l'Égypte que la charge de la corvée soit réduite dans les plus strictes limites ;

Considérant qu'il y a lieu en même temps de ne plus laisser aucune recette et aucune dépense hors Budget et qu'en conséquence notre Gouvernement devra notamment faire figurer dans les rentrées budgétaires, à partir de 1887, les produits du rachat des prestations, ainsi que toutes les recettes de quelque nature qu'elles soient qui pourraient être créées à l'avenir et devra porter leur emploi en dépenses :

Sur la proposition de notre Conseil des Ministres ;

Avons décrété et décrétons, avec l'assentiment des Puissances :

Article 1^{er}.—A partir de 1887, la somme de £ E. 5,237,000, à laquelle ont été arrêtées les dépenses administratives annuelles du Gouvernement, aux termes de l'Article 18 de notre Décret du 27 Juillet, 1885, pourra être augmentée dans les conditions ci-après déterminées :

(1.) Du produit du rachat des prestations effectué dans le cours de l'année précédente conformément à notre Décret du 25 Janvier, 1881.

(2.) D'une somme de £ E. 250,000.

Ces crédits devront être exclusivement affectés à des travaux actuellement faits au moyen de la corvée.

Ces augmentations devront élever d'une somme égale dans les Budgets ultérieurs les crédits ouverts par le Budget de 1887 au Ministère des Travaux Publics.

Art. 2.—La Caisse de la Dette aura le droit de vérifier l'emploi régulier de tous les crédits ouverts au Ministère des Travaux Publics.

En ce qui concerne les crédits du Budget ordinaire des Travaux Publics, crédits évalués à £ E. 464,623, la preuve de leur emploi régulier résultera pour le Caisse de la Dette de la production d'un État dressé par chapitres et sous-chapitres par le Ministère des Finances, et constatant que ces crédits ont été intégralement consacrés au paiement de dépenses de travaux publics.

Pour les crédits venant en augmentation de la somme de £ E. 5,237,000, c'est-à-dire pour le crédit de £ E. 250,000 et pour celui qui sera ouvert dans la limite du produit du rachat des prestations, leur emploi régulier sera prouvé par la production à la Caisse de la Dette des pièces comptables justifiant les dépenses qui auront été faites.

Art. 3.—Si les crédits du Budget ordinaire des Travaux Publics venaient à être inférieurs à £ E. 464,623, ou si cette somme n'était pas intégralement dépensée, l'augmentation des dépenses administratives autorisée par le présent Décret serait réduite d'une somme égale soit à la diminution des crédits, soit au montant des crédits non employés.

Art. 4.—L'emploi et la répartition entre les diverses Moudiriehs de la somme ci-dessus énoncée de £ E. 250,000 seront déterminés chaque année par Décret. La répartition en sera faite équitablement entre toutes les provinces affectées ou non affectées, la Commission de la Dette préalablement consultée.

Si, au cours de l'année, la nécessité de travaux imprévus venait à se produire, une nouvelle répartition pourra être faite par le Ministre des Travaux Publics qui en avisera le Caisse de la Dette. Notre Ministre des Travaux Publics nous adressera, à la fin de chaque année, un Rapport qui sera publié dans le "Journal Officiel," et dans lequel il nous rendra compte du nombre des journées de corvée qui auront été réellement demandées à la population, et des réductions dont il aura pu lui procurer le bénéfice sur la moyenne qui lui avait été imposée dans les quatre dernières années, d'après l'État publié par le "Journal Officiel" du 30 Juin, 1886.

Art. 5.—Les dépenses administratives autorisées par le Décret du 27 Juillet, 1885,

pourront également être augmentées des sommes nécessaires à l'exploitation des mines de pétrole, sans toutefois que cette augmentation puisse dépasser la somme de £ E. 40,000 en 1887, et, dans les années ultérieures, le produit de l'exportation de ces mines.

Art. 6.—Nos Ministres des Finances et des Travaux Publics sont chargés, chacun en ce qui le concerne, de l'exécution du présent Décret.

Fait au Palais d'Abdine, le 2 Avril. 1888 (20 Regeb 1305).

(Signé) MEHÉMET TEWFIK.

Par le Khédive :

Le Président du Conseil des Ministres,

(Signé) N. NUBAR.

Le Ministre des Finances,

(Signé) MOHAMED ZÉKI.

Le Ministre des Travaux Publics,

(Signé) A. ROUCHDY.

No. 82.

The Marquis of Salisbury to Sir W. White.

(No. 63.)

(Telegraphic.)

Foreign Office, April 16, 1888, 5.10 P.M.

THE German Ambassador at Constantinople has received instructions to urge upon Sultan consent to the Egyptian Loan of 2 millions. Communicate with him.

No. 83.

The Marquis of Salisbury to Sir W. White.

(No. 64.)

(Telegraphic.)

Foreign Office, April 16, 1888, 5.20 P.M.

WITH reference to my preceding telegram—

The bankers who will undertake the new Egyptian Loan have bound themselves unconditionally only up to the 19th instant.

As the interest will run from the 10th instant, the Egyptian Government loses from that date nearly 300*l.* a-day for every day of delay in the promulgation of the Sultan's Firman authorizing the issue of the loan.

No. 84.

Treasury to Foreign Office.—(Received April 19.)

Sir,

Treasury Chambers, April 18, 1888.

WITH reference to the telegram from Sir E. Baring to Sir J. Pauncefoot on the 21st ultimo, and the reply thereto sent the following day, on the subject of the Capitation Grant payable by the Egyptian Government in respect of the financial year 1887-88, I am directed by the Lords Commissioners of Her Majesty's Treasury to send you the inclosed letter from the War Office, dated the 12th instant, with a request that you will move the Secretary of State for Foreign Affairs to cause it to be communicated to Sir E. Baring.

The War Office letter will enable Sir E. Baring to make it clear to the Egyptian Government that, notwithstanding the reductions which have been effected in the British Army of Occupation during the last six months, the expenses to which Her Majesty's Government have been subject "out of pocket" in respect of the force during the year ending the 31st March, 1888, will only be barely covered by the sum of 200,000*l.*, which has been claimed against the Government of His Highness the Khedive.

My Lords trust that with this further explanation Sir E. Baring will admit the equity of the claim to 200,000*l.* in respect of the year 1887-88, and will, in accordance with the hope expressed in the telegram to him of the 22nd March, secure the payment of the remaining 50,000*l.*

I am, &c.

(Signed) R. E. WELBY.

Inclosure in No. 84.

War Office to Treasury.

War Office, April 12, 1888.

Sir,

I AM directed by the Secretary of State for War to acknowledge the receipt of your letter of the 31st ultimo, and to inform you that the figures contained in the former estimate of the extra cost involved in maintaining the force of British troops in Egypt during the year 1887-88 have been carefully revised in view of the reductions which have taken place. The result, however, is to show that such estimate was in no sense excessive, and that taking the most reliable figures now available, the cost will be 185,200*l.* for army services and 15,700*l.* for naval services, or 900*l.* more than the contribution to be recovered from the Egyptian Government.

With regard to the last paragraph of your letter, I am to inform you that the view there taken is correct, and that if the British force in Egypt had remained throughout the year at the same strength as at the beginning the contribution of 200,000*l.* would have been quite insufficient, and that it is only by continual supervision and careful economy that a considerable charge on the British Exchequer has been avoided.

I am, &c.

(Signed) W. ST. JOHN BRODRICK.

No. 85.

Sir E. Baring to the Marquis of Salisbury.—(Received April 19, 9 P.M.)

(No. 77.)

(Telegraphic.)

Cairo, April 19, 1888, 8.15 P.M.

THE Khedive has sent a very strong telegram to the Grand Vizier urging the issue of the Firman for the loan.

(Sent to Sir W. White.)

No. 86.

Sir W. White to the Marquis of Salisbury.—(Received April 20, 2.10 P.M.)

(No. 41.)

(Telegraphic.)

Constantinople, April 20, 1888, 1.15 P.M.

SIR E. BARING'S telegram to your Lordship dated yesterday: Egyptian new loan.

Active communications going on between the Grand Vizier and the Sultan on this subject. The former hopes to obtain a favourable decision early next week. German Ambassador has warmly recommended its being sanctioned.

(Sent to Sir E. Baring.)

No. 87.

Sir W. White to the Marquis of Salisbury.—(Received by telegraph, April 20.)

(No. 161. Ext. 41.)

My Lord,

Constantinople, April 20, 1888.

I HAVE the honour to state that active communications have been going on between the Grand Vizier and His Imperial Majesty the Sultan on the subject of the new Egyptian loan, and his Highness has informed me that he hopes to be able to obtain His Majesty's Iradé sanctioning the loan early next week.

M. de Radowitz has also warmly urged that His Majesty should give his sanction to the loan in question.

I had the honour to forward the substance of the above to your Lordship, by telegraph, to-day, as well as to Sir E. Baring.

I have, &c.

(Signed) W. A. WHITE.

The Marquis of Salisbury to Sir E. Baring.

(No. 100.)

Sir,

Foreign Office, April 20, 1888.

WITH reference to Sir J. Pauncefoot's telegram of the 22nd ultimo, I transmit to you herewith a copy of a letter from the Treasury,* inclosing a copy of a communication from the War Office, relative to the capitation grant payable by the Egyptian Government during the financial year 1887-88.

It will be seen that the extra cost to this country involved in maintaining the force of British troops in Egypt during the year 1887-88 will be 185,200*l.* for army services and 15,700*l.* for naval services, or 900*l.* more than the contribution to be recovered from the Egyptian Government.

You will make use of these papers in your communication with the Egyptian financial authorities as to the payment of the remaining 50,000*l.* due to the British Treasury for the last quarter of the financial year 1887-88.

I am, &c.
(Signed) SALISBURY.

The Marquis of Salisbury to Sir E. Baring.

(No. 101.)

Sir,

Foreign Office, April 20, 1888.

WITH reference to previous correspondence as to the procedure to be followed in regard to the stamp duty and licence tax for foreigners, I transmit to you a copy of a despatch from Her Majesty's Ambassador at Paris,† forwarding a copy of a note from the French Minister for Foreign Affairs on this subject.

It appears from this paper that the French Government do not object to the proposal that the terms of the Decrees should be settled between the Egyptian Government and the Caisse de la Dette; but they consider it necessary that the Commissioners should be unanimous in their decisions on the subject, and that the Decrees should afterwards be submitted to the foreign Governments for their acceptance, inasmuch as the secondary Powers are not represented on the Commission of the Debt.

I am, &c.
(Signed) SALISBURY.

Sir W. White to the Marquis of Salisbury.—(Received April 21, 8 A.M.)

(No. 43.)

(Telegraphic.)

Constantinople, April 20, 1888.

MY telegram No. 41 of to-day: Egyptian new loan.

Inquiries have been sent to Cairo as to whether lands given to Ismail Pasha were alienable. Answer awaited. His Imperial Majesty is under the impression that if the ex-Khedive can raise much cash he can become dangerous, and this shows how little he trusts him.

Notwithstanding pressure from Berlin, Sultan's ultimate decision still uncertain.
(Sent to Sir E. Baring.)

Sir E. Baring to the Marquis of Salisbury.—(Received April 21, 12.45 P.M.)

(No. 78.)

(Telegraphic.)

Cairo, April 21, 1888, 11.55 A.M.

FOLLOWING to Sir W. White:—

"Inquiry from Constantinople has not yet been received. No one here would have supported arrangement unless it had been felt that no danger would result

* No. 84.

† Lord Lytton, No. 236.

from the ready money placed at Ismail's disposal. He can sell half the property, but the proceeds will in all probability mainly go to creditors."

For details of arrangement see my despatch of 27th January in Egypt Blue Book No. 5.

Sir E. Baring to the Marquis of Salisbury.—(Received April 23.)

(No. 156.)

My Lord,

Cairo, April 12, 1888.

I HAVE the honour to transmit to your Lordship herewith an extract from the "Journal Officiel" of yesterday giving the text of a Report addressed by Mr. Palmer, Director-General of Accounts, to the Minister of Finance, showing in a satisfactory manner that great economy has been introduced during the last three years in the various Administrations under control of the office of the Director-General of Accounts.

I have, &c.
(Signed) E. BARING.

Inclosure in No. 92.

Extract from the "Journal Officiel" of April 11, 1888.

Rapport à son Excellence le Ministre des Finances.

Excellence,

ME référant au Décret du 19 Février, 1887, instituant une Haute Cour Administrative, qui rend les chefs d'Administration responsables de toutes les dépenses qu'ils auraient autorisées au delà des crédits qui leur sont ouverts, j'ai l'honneur de porter à la connaissance de votre Excellence que, dans le courant de l'exercice écoulé, il ne s'est produit d'excédent de ce genre dans aucune des Administrations soumises au contrôle de la Direction Générale de la Comptabilité.

Le tableau ci-dessus fait ressortir le progrès très sensible qui a été réalisé au point de vue du contrôle des dépenses:—

Exercices.	Nombre des Administrations qui ont excédé leurs Crédits.	Montant des Excédents sur les Crédits accordés.	Montant des Économies réalisées sur les Crédits accordés.	Montant des Crédits Supplémentaires.
1885	13	£ E. 66,310	£ E. 86,300	£ E. 125,137
1886	9	27,066	79,429	220,111*
1887	..	..	129,537†	93,414

Il résulte de ces chiffres:—

1. Qu'en 1887 aucune Administration n'a excédé ses crédits alors qu'il y en a eu neuf en 1886 et treize en 1885;

2. Que les économies réalisées sur les divers budgets en 1887 sont bien supérieures à celles des années précédentes;

3. Qu'au contraire le montant des crédits supplémentaires a diminué en 1887 dans une proportion considérable.

Ces résultats seraient encore plus satisfaisants si la comparaison, au lieu de s'arrêter à 1885, remontait aux exercices antérieurs.

Veillez, &c.
Le Directeur-Général de la Comptabilité de l'État,
(Signé) ELWIN PALMER.

* Le chiffre de £ E. 220,111 montant des crédits supplémentaires ouverts en 1886, comprend deux sommes de £ E. 92,000 et £ E. 18,000 accordées respectivement au Ministère de la Guerre et à l'Administration de la Police à des événements du Soudan.

† Indépendamment de cette somme de £ E. 129,537, il a été réalisé en 1887 une économie de £ E. 200,000 par suite du paiement des traitements, allocations, et pensions du mois de Décembre de cette année en Janvier 1888.

Sir W. White to the Marquis of Salisbury.—(Received April 27, 10:30 A.M.)

(No. 46.)

(Telegraphic.)

Constantinople, April 27, 1888, 10:20 A.M.

FOLLOWING sent to Sir E. Baring:—

"Thanks to German support, there is every prospect now of obtaining Sultan's Iradé for new Egyptian Loan in the course of a few days."

The Earl of Lytton to the Marquis of Salisbury.—(Received April 28.)

(No. 236.)

My Lord,

Paris, April 16, 1888.

WITH reference to your Lordship's despatch No. 150 of the 15th ultimo, I have the honour herewith to inclose copy of a note which I have received from M. Goblet, and in which his Excellency informs me of the sense of the reply given by Comte d'Aubigny to Nubar Pasha, in accordance with the instructions received from M. Flourens, as to the views of the French Government with regard to the proposed settlement of the question of the stamp duty and professional tax on Europeans in Egypt.

I have, &c.
(Signed) LYTTON.

Inclosure in No. 94.

M. Goblet to the Earl of Lytton.

M. l'Ambassadeur,

Paris, le 14 Avril, 1888.

EN se référant à un entretien qu'a eu Mr. Egerton avec mon prédécesseur relativement à la question de l'application aux étrangers établis en Égypte de l'impôt sur le timbre et les patentes, votre Excellence m'exprimait, à la date du 6 de ce mois le désir de connaître l'appréciation du Gouvernement de la République sur les suggestions contenues dans la circulaire de Nubar Pacha du mois de Novembre dernier.

Je ne saurais répondre plus complètement à ce vœu qu'en vous informant du sens de la réponse faite au Président du Conseil du Khédive par l'Agent et Consul-Général de France au Caire. En conformité des instructions que lui avait adressées M. Flourens, le Comte d'Aubigny, le 15 Février, a déclaré à Nubar Pacha que la procédure proposée par le Gouvernement Khédivial recevait en principe l'adhésion du Gouvernement de la République, mais à la condition que cette procédure ne saurait constituer un précédent et que, sur la question spéciale soumise à ses délibérations, la Commission de la Dette ne pourrait émettre de décision valable qu'à l'unanimité de ses membres. Il a été également entendu que l'avis de la Caisse aurait à être sanctionné par les différentes Puissances avant que l'Égypte puisse s'en prévaloir à l'égard des étrangers; les Puissances secondaires, en effet, n'étant pas représentées à la Commission de la Dette, il nous a paru que leur adhésion n'en était pas moins nécessaire et que, dès lors, tous les Gouvernements intéressés devaient être appelés à se prononcer en dernière instance sur les résultats de l'examen auquel elles n'auront vraisemblablement qu'à se référer, et que, pour notre part, nous ne faisons pas difficulté de confier aux Délégués à la Caisse de la Dette.

Agréez, &c.
(Signé) RENÉ GOBLET.

Sir W. White to the Marquis of Salisbury.—(Received April 28, 11 P.M.)

(No. 47.)

(Telegraphic.)

Constantinople, April 28, 1888, 8:15 P.M.

THE Imperial Iradé sanctioning new Egyptian loan came out this afternoon.

(Sent to Baring.)

Sir W. White to the Marquis of Salisbury.—(Received by telegraph, April 28.)

(No. 174. Ext. 47.)

My Lord,

Constantinople, April 28, 1888.

WITH reference to my despatch No. 161 of the 20th instant, I have the honour to inform your Lordship that an Imperial Iradé was issued this afternoon sanctioning the new Egyptian loan.

I sent the substance of this despatch to your Lordship and to Sir E. Baring by telegraph this day.

I have, &c.
(Signed) W. A. WHITE.

Sir E. Baring to the Marquis of Salisbury.—(Received April 29, 12:40 P.M.)

(No. 82.)

(Telegraphic.)

Cairo, April 29, 1888, 11:35 A.M.

CONVERSION of Preference stock.

I trust, if opinion of English Law Officers is disposed to be unfavourable, that they will await opinion of Egyptian Law Officers, which is now being prepared, before pronouncing definitely. Apart from present issue, it would be most undesirable, in view of possible future eventualities, that any formal declaration should be made against the right of conversion. Here no doubt is entertained on the subject. Please see especially Article No. 27 of Decree of 18th November, 1876.

Further, I venture to express a hope that great care will be taken not to support publicly principle that conversion, though in harmony with Egyptian law, cannot be supported by Her Majesty's Government, as it is contrary to English law. Recognition of this principle would be very embarrassing, as the same argument would be applicable by the French and others in connection with other subjects.

Sir E. Baring to the Marquis of Salisbury.—(Received by telegraph, April 29.)

(No. 173. Confidential. Ext. 82.)

My Lord,

Cairo, April 29, 1888.

WITH reference to the subject of the proposed conversion of Egyptian Preference stock, I have had the honour this day to telegraph to your Lordship expressing a hope that, if the opinion of the English Law Officers be unfavourable to such a measure, they would await the opinion of the Egyptian Law Officers before pronouncing definitely upon it. Apart from the present issue, it would, to my mind, be most undesirable, in view of possible future eventualities, that any formal declaration should be made against the right of conversion on the part of the Egyptian Government. Here no doubt is entertained on the subject. I would especially refer your Lordship on this point to Article 27 of the Decree of the 18th November, 1876.

I also venture to express a hope that great care will be taken not to support publicly the principle that a conversion, though in harmony with Egyptian law, cannot be supported by Her Majesty's Government as it is contrary to English law. The recognition of this principle would be very embarrassing, as the same argument would be applied by the French and others in connection with other subjects.

I have, &c.
(Signed) E. BARING.

Sir E. Baring to the Marquis of Salisbury.—(Received April 30.)

(No. 162.)

My Lord,

Cairo, April 17, 1888.

THE inclosed statement which has just been published by the Commissioners of the Debt shows that, from the 15th October, 1887, to the 11th April, 1888, the revenue

derived from the Railways, Telegraphs, and Port of Alexandria (which are specially pledged to the payment of the interest on the Preference stock) amounted to £ E. 492,375, leaving a sum of £ E. 51,109 to be taken from the revenues pledged to the Unified Debt to make good the full amount of the Preference stock coupon (£ E. 543,484).

A reference to my despatch No. 237 of the 17th April, 1887, will show that, during the corresponding period of 1886-87, the revenue derived from the revenues specially pledged to the payment of the interest on the Preference stock amounted to £ E. 458,081, leaving £ E. 88,403 to be taken from the revenues assigned to the Unified Debt, to make good the full amount of the coupon (£ E. 543,484).

There is, therefore, an improvement of (£ E. 88,403 - £ E. 51,109) £ E. 37,244.

This result is particularly satisfactory when it is remembered that a considerable loss to the Railway revenue has resulted in the change recently made, under which the English mail for India and Australia now goes through the Canal instead of, as heretofore, being transmitted by rail from Alexandria to Suez.

I have, &c.
(Signed) E. BARING.

Inclosure in No. 99.

Extract from the "Journal Officiel" of April 16, 1888.

CAISSE DE LA DETTE PUBLIQUE.

Année 1888.

État au 14 Avril, 1888, des Sommes versées à la Caisse de la Dette Publique sur les revenus affectés.

DETTE PRIVILÉGIÉE.

Echéance du 15 Avril, 1888—	£
Capital restant à amortir	22,296,800
Dotation d'intérêts	557,420

Nota.—Le complément des dotations de la Dette Privilégiée est prélevé sur les revenus de la Dette Unifiée.

Désignation des Administrations dont les Revenus sont affectés au Service de la Dette Privilégiée.	Sommes versées—		Totaux au 14 Avril, 1888.
	Du 1 ^{er} au 14 Avril, 1888.	Du 15 Octobre, 1887, au 31 Mars, 1888.	
Chemins de Fer, Télégraphes, et Port d'Alexandrie..	£ E. m. 34,125 000	£ E. m. 458,250 000	£ E. m. 492,375 000
Prélèvement sur la Dette Unifiée pour compléter le coupon .. .. .	.. .. .	.. .. .	51,109 500
			543,484 500
			Soit £557,420

Le Caire, le 15 Avril, 1888.

Les Commissaires-Directeurs,
(Signé) G. B. MACHIAVELLI.
G. LE CHEVALIER.
A. MONEY.
ZALUSKI.

Pour copie conforme :
Le Contrôleur,
(Signé) W. Mog.

No. 100.

Sir E. Baring to the Marquis of Salisbury.—(Received May 1.)

(No. 84.)

(Telegraphic.)

Cairo, May 1, 1888.

THE Khedivial Decree authorizing the loan has been issued.

No. 101.

Sir W. White to the Marquis of Salisbury.—(Received May 5.)

(No. 179.)

My Lord,

Constantinople, April 30, 1888.

I HAD the honour to report to your Lordship, by telegraph, on the afternoon of the 28th instant, that the Sultan had issued an Imperial Iradé authorizing the Khedive of Egypt to contract a new loan.

As your Lordship is aware, His Imperial Majesty hesitated greatly and long before taking this step; and it is to the explanations given by Germany that this favourable result must be ascribed.

I have received a question since from Sir E. Baring, asking me whether the Iradé authorizes loan of 5,000,000; to this I replied that I was unacquainted with the particulars, but the sum lately mentioned was two millions odd, and I referred here to your Lordship's telegram to me No. 63 of the 16th instant.

I have since learnt from M. de Radowitz that influence is brought to bear, even now, to prevent the issue of the documents legalizing this loan, notwithstanding the Iradé.

I have, &c.
(Signed) W. A. WHITE.

No. 102.

Sir E. Baring to the Marquis of Salisbury.—(Received May 7.)

(No. 177.)

My Lord,

Cairo, April 30, 1888.

WITH reference to my despatch No. 71 to your Lordship of the 14th February, giving the details of the arrangement which had been arrived at with the ex-Khedive and his family, I have the honour to transmit herewith copy of a note which I have received from Nubar Pasha inclosing a draft Decree, which will render the revenues of those lands, which are placed in trust for the family and their descendants, incapable of being seized, except in order to recover taxes.

As this Decree requires the assent of the Powers, Nubar Pasha desires me to obtain the adhesion of Her Majesty's Government to it. I venture to suggest that this proposal be favourably considered by Her Majesty's Government, and as the matter is somewhat pressing, I should be very glad to receive a reply by telegraph.

I have, &c.
(Signed) E. BARING.

Inclosure 1 in No. 102.

Nubar Pasha to Sir E. Baring.

(Circulaire.)

M. le Ministre,

Le Caire, le 30 Avril, 1888.

COMME vous le savez, par suite de l'arrangement intervenu entre le Gouvernement et divers Princes de la famille Khédiviale et pour lequel un emprunt de £ E. 2,000,000 vient d'être conclu en Europe avec le consentement de la Caisse de la Dette, les Princes contractants renoncent formellement aux allocations pour lesquelles ils sont inscrits au Budget de l'État et reçoivent, en échange, des terres qui seront rachetées aux Domaines et, en partie, constituées en Wakfs, c'est-à-dire, inaliénables et insaisissables.

Toutefois, l'usufruit (produits et revenus) de ces biens pouvant, aux termes de la Loi, être saisi, la Caisse de la Dette, tant pour sauvegarder les intérêts des Princes que ceux de l'État, a suggéré l'idée, acceptée par le Gouvernement, qu'il conviendrait de

décéder que l'usufruit de ces terres sera incessible et insaisissable, sauf pour le recouvrement des impôts.

Ce caractère d'incessibilité et d'insaisissabilité ne pouvant être obligatoire pour les étrangers qu'avec l'assentiment des Puissances, j'ai l'honneur de vous faire parvenir, ci-joint, quatre exemplaires imprimés du projet de Décret préparé à cet effet, et j'ai recours à vos bons offices afin d'obtenir du Gouvernement de Sa Majesté l'adhésion nécessaire pour sa promulgation.

Je ne terminerai pas sans appeler votre attention sur l'avantage qu'il y aurait à ce que cette adhésion parvint aussitôt que possible au Gouvernement de Son Altesse.

Veuillez, &c.
Le Ministre des Affaires Étrangères,
(Signé) NUBAR.

Inclosure 2 in No. 102.

Convention avec la Famille Khédiviale.

Projet de Décret.

NOUS, Khédive d'Égypte,

Sur la proposition de notre Ministre de la Justice, et l'avis conforme de notre Conseil des Ministres et avec l'assentiment des Puissances,

Décrétons :

Article 1^{er}. L'usufruit des terres domaniales, constituées en Wakfs au profit des membres de notre famille et de leurs descendants en échange des allocations qui leur étaient précédemment payées sur la Liste Civile, est incessible et insaisissable, sauf pour le recouvrement des impôts.

Art. 2. Le présent Décret est exécutoire, nonobstant toutes dispositions contraires résultant des Lois et Décrets en vigueur.

Art. 3. Notre Ministre de la Justice est chargé de l'exécution du présent Décret.

Fait au Caire, le

No. 103.

Sir E. Baring to the Marquis of Salisbury.—(Received May 9.)

(No. 178.)

My Lord,

Cairo, May 1, 1888.

WITH reference to my despatch No. 177 of the 30th ultimo, I have the honour to transmit to your Lordship herewith an extract from the "Journal Officiel" of yesterday giving the text of a Khedivial Decree confirming the arrangement come to with respect to the claims of the ex-Khedive and his family, and also the text of a Decree authorizing the issue of a loan for £ E. 2,000,000.

I have, &c.
(Signed) E. BARING.

Inclosure 1 in No. 103.

Extract from the "Journal Officiel" of April 30, 1888.

Rapport adressé à Son Altesse le Khédive par son Excellence le Président du Conseil des Ministres.

Monseigneur,

Le Caire, le 30 Avril, 1888.

J'AI l'honneur de soumettre à la sanction de votre Altesse, en exécution de l'arrangement intervenu entre les membres de la famille Khédiviale et le Gouvernement de votre Altesse, en date des 23 et 25 Janvier, 1888, le projet de Décret ci-joint.

Cet arrangement n'a été conclu qu'à la condition qu'une portion déterminée des terres données aux Princes, seraient constituées en Wakfs. Il a, en outre, été décidé pour la sauvegarde des intérêts des Princes aussi bien que des intérêts du Trésor, que l'usufruit (produits et revenus) des terres constituées en Wakfs serait

incessible et insaisissable sauf pour le recouvrement des impôts. Cette dernière disposition ne pouvant être obligatoire pour les Tribunaux Mixtes qu'avec l'assentiment des Puissances, un projet de Décret dans ce sens est soumis par le Gouvernement de votre Altesse aux Puissances intéressées et sera publié dès que leur consentement aura été obtenu.

J'ai, &c.
Le Président du Conseil des Ministres,
(Signé) N. NUBAR.

Décret.

Nous Khédive d'Égypte,
Vu le Décret du 16 Juin, 1880;
Vu l'Article 8 de la Loi de Liquidation;
Sur la proposition de notre Conseil des Ministres;

Décrétons :

Article 1^{er}. Sont détachés du domaine public et rentrent dans le domaine privé de l'État :

1. Le Palais de Kasr-el-Aly avec ses constructions et dépendances;

2. Le Palais de Ghézireh avec ses constructions et le parc, ensemble d'une superficie de 62 feddans environ.

Art. 2. L'arrangement intervenu entre les membres de notre famille et son Excellence Nubar Pacha au nom du Gouvernement Égyptien, aux termes des lettres ci-annexées, est approuvé.

Art. 3. La somme de 208,100l. mise à notre disposition dans le Budget de l'État pour allocations à notre famille, sera diminuée du montant des allocations échangées en vertu de l'arrangement visé à l'Article 2.

Art. 4. Nos Ministres sont chargés, chacun en ce qui le concerne, de l'exécution du présent Décret.

Fait au Palais d'Abdine, le 30 Avril, 1888 (19 Châaban, 1305).

(Signé) MEHÉMET TEWFIK.

Par le Khédive :
Le Président du Conseil des Ministres,
(Signé) N. NUBAR.

Texte de l'Arrangement.

A son Excellence Nubar Pacha, G.C.M.G. :

Excellence,

Le Caire, le 23 Janvier, 1888.

Faisant suite à notre conversation, je m'empresse de vous faire savoir, que je suis prêt, au nom de leurs Altesses Ismail Pacha, et ses trois épouses, de ses fils Fouad Bey, et Ali Bey, de ses filles Emina et Nemat Hanem, de leurs Altesses Hassan Pacha et son épouse, Hussein Pacha, Ibrahim Pacha Helmy, à accepter l'arrangement ci-après :

1. Le Gouvernement donnerait aux dits Princes, des terres Domaniales pour une valeur de £ E. 1,210,000 d'après le cahier des charges actuel annexé au règlement des ventes de l'Administration des Domaines. Cette somme sera répartie ainsi que suit :—

	£. E.
A Son Altesse Ismail Pacha	560,400
" " Ali Bey	22,200
" " Hussein Pacha	168,000
" " Ibrahim Pacha	126,000
A leurs Altesses Emina et Nemat Hanem	84,000
A Son Altesse Fouad Bey et sa mère	36,400
" " Hassan Pacha et son épouse	210,000

2. Il sera loisible aux Princes de demander une somme en numéraire qui sera proportionnelle à leur part dans le £ E. 1,210,000 et ne pourra pas excéder £ E. 180,000. Cette somme est destinée à leur faciliter l'achat du cheptel des Domaines, et à régler la créance éventuelle des Domaines pour la valeur des récoltes sur pied, semences, &c. Elle viendra en déduction de celle de £ E. 1,210,000 stipulée ci-dessus.

3. Il est formellement entendu que les terres ainsi données, devront être constituées en Wakf, jusqu'à concurrence des deux tiers de leur valeur, au profit des

constituants et de leurs descendants en ligne directe, jusqu'à extinction, pour faire en suite retour à l'État.

4. Toutefois, Son Altesse Ismaïl Pacha ne sera tenu à la constitution en Wakf que pour la moitié, et il pourra disposer comme il l'entendra de l'usufruit au profit de ses descendants.

5. Un délai de trois mois est accordé aux Princes pour faire connaître les terres qu'ils auront choisies, et à défaut les terres seront désignées par la Commission des Domaines, sans qu'il y ait lieu à aucune espèce de recours.

6. De son côté, le Gouvernement s'engage à faire la consignation des terres désignées dans un délai de six mois, à partir du jour où l'emprunt destiné à faire face à cette opération aura été émis.

7. En ce qui concerne les immeubles incorporés au domaine public, le Gouvernement déclare formellement renoncer à tous droits quelconques sur: Le Palais d'Ermirghian et toutes autres propriétés à Constantinople; le Palais de Kasr-el-Aly, ainsi que le Palais et le Jardin de Ghezireh, dans l'état où ils se trouvent, sans comprendre le tefliche de Ghizeh et Ghezireh qui est et demeure la propriété exclusive du Gouvernement.

8. D'autre part, également, il sera payé aux Princes, soit en monnaie de liquidation, soit en numéraire, une somme de £ E. 100,000 représentant le chef de réclamation relatif aux semences, récoltes, argent en caisse, impôts et salaires payés d'avance, &c., ainsi qu'en général toutes autres réclamations quelconques. Cette somme sera répartie de la façon suivante:—

	£. E.
Son Altesse Ismaïl Pacha (pour lui et les trois Princesses)	50,000
.. .. le Prince Hussein	14,000
.. .. le Prince Hassan	14,000
.. .. le Prince Ibrahim	20,000
.. .. Amina Hanem	2,000
Total	100,000

9. Le paiement des dites somme et la consignation des propriétés ci-dessus s'effectueront au plus tard en même temps que la consignation des terres Domaniales, ou plus tôt si faire se peut.

10. Moyennant le présent échange, leurs Altesses déclarent formellement se désister des actions par eux introduites contre le Gouvernement, renoncer à toutes réclamations quelconques, déclarent en outre, en un mot, que le Gouvernement est entièrement et définitivement libéré vis-à-vis d'eux à ce jour, sans qu'il puisse y avoir réclamation à soulever pour quelque cause et sous quelque prétexte que ce soit, les présentes constituant un règlement de comptes définitif.

11. Moyennant le présent arrangement, la liste civile se trouve définitivement réduite de la somme de £ E. 86,473 présentement rachetées.

En conséquence, les Princes ci-dessus désignés, déclarent formellement, en leur nom, et, en tant que de besoin, au nom de leurs héritiers, qu'ils n'ont plus aucun droit, et ne peuvent à quelque titre que ce soit demander une allocation sur la liste civile.

Veuillez, &c.
(Signé) W. T. MARRIOTT.

Je Soussigné, déclare avoir pris connaissance du présent arrangement et l'accepter tant en mon nom qu'au nom de leurs Altesses Ismaïl Pacha, Chokrat Hanem, Djemaniar Hanem, Tchermafah Hanem, Aly Bey, Fouad Bey, Amina et Nemat Hanem, Hassan Pacha et son épouse et Ibrahim Pacha Helmy, dont je suis le fondé de pouvoirs suivant procurations régulières.

(Signé) HUSSEIN KIAMIL.

Pour copie certifiée conforme:
Le Secrétaire-Général du Conseil des Ministres,
(Signé) KAHIL.

Au Très Honorable W. T. Marriott, M.P.:

Monsieur,

Le Caire, le 25 Janvier, 1888.

J'ai l'honneur d'accuser réception à la lettre que vous m'avez adressée sous la date du 24 Janvier courant, et je m'empresse de vous faire savoir qu'après avoir pris les ordres de Son Altesse le Khédive, je suis autorisé à accepter et accepte au nom du

Gouvernement Égyptien, l'arrangement que vous me proposez et qui a été ratifié par son Altesse le Prince Hussein Pacha Kiamil, tant en son nom qu'au nom de leurs Altesses Ismaïl Pacha, Chokrat Hanem, Djemaniar Hanem, Tchesm Afet Hanem, Aly Bey, Fouad Bey, Amina et Nemat Hanem, Hassan Pacha et son épouse, Ibrahim Pacha Helmy, dont il se déclare le fondé de pouvoirs, à savoir:—

Le Gouvernement donnera des terres Domaniales pour une valeur de £ E. 1,210,000 d'après le cahier des charges actuel, annexé au règlement des ventes de l'Administration des Domaines de l'État, dont un exemplaire dûment arrêté par la Commission est ci-joint, et réparti ainsi qu'il suit, entre les Princes et les Princesses:—

	£. E.
A Son Altesse Ismaïl Pacha et ses trois épouses	560,400
A leurs Altesses Amina et Nemat Hanem	84,000
A Son Altesse Aly Bey	25,200
.. .. Fouad Bey et sa mère	36,400
.. .. Hussein Pacha Kiamil	168,000
.. .. Hassan Pacha et son épouse	210,000
.. .. Ibrahim Pacha Helmy	126,000

Il sera loisible aux Princes et Princesses de demander une somme en numéraire qui sera proportionnelle à leur part dans les £ E. 1,210,000 et ne pourra pas excéder £ E. 18,000. Cette somme est destinée à leur faciliter l'achat du cheptel des Domaines et à régler la créance éventuelle des Domaines pour la valeur des récoltes sur pied, semences, &c. Elle viendra en déduction de celle de £ E. 1,210,000 stipulée ci-dessus.

Il est formellement entendu que les terres ainsi données, devront être constituées en Wakf, jusqu'à concurrence des deux tiers de leur valeur, au profit des constituants et de leurs descendants en ligne directe, jusqu'à extinction, pour faire ensuite retour à l'État.

Toutefois Son Altesse Ismaïl Pacha ne sera tenu à la constitution en Wakf que pour la moitié, et il pourra disposer comme il l'entendra de l'usufruit au profit de ses descendants.

Un délai de trois mois est accordé aux Princes et Princesses pour faire connaître les terres qu'ils auront choisies; et à défaut, les terres seront désignées par la Commission des Domaines, sans qu'il y ait lieu à aucune espèce de recours.

De son côté, le Gouvernement s'engage à faire la consignation des terres désignées dans un délai de six mois, à partir du jour où l'emprunt destiné à faire face à cette opération aura été émis.

En ce qui concerne les immeubles incorporés au domaine public, le Gouvernement déclare formellement renoncer à tous droits quelconques, sur:—

Le Palais d'Ermirghian et toutes autres propriétés à Constantinople; le Palais de Kasr-el-Aly, ainsi que le palais et le jardin de Ghezireh, dans l'état où ils se trouvent, sans comprendre les tefliches de Ghizeh et Ghezireh, qui sont et demeurent la propriété exclusive du Gouvernement.

D'autre part, également, il sera payé aux Princes et Princesses, soit en monnaie de liquidation soit en numéraire, une somme de £ E. 100,000 représentant le chef de réclamation relatif aux semences, récoltes, argent en caisse, impôts et salaires payés d'avance, &c., et le chef de réclamation des meubles, ainsi qu'en général toutes autres réclamations quelconques. Le paiement de la dite somme et la consignation de la propriété ci-dessus, s'effectueront au plus tard, en même temps que la consignation des terres Domaniales, ou plus tôt, si faire se peut.

Moyennant le présent échange, leurs Altesses déclarent formellement se désister de ou indirectement toutes actions par eux introduites directement contre le Gouvernement, devant n'importe quelle juridiction, renoncer à toutes réclamations quelconques, déclarent en un mot que Son Altesse le Khédive, ainsi que le Gouvernement Égyptien, sont entièrement et définitivement libérés vis-à-vis d'eux à ce jour, sans qu'il puisse y avoir revendication à exercer, compte à faire, réclamations à soulever pour quelque cause et sous quelque prétexte que ce soit, les présentes constituant un règlement de comptes définitifs.

Moyennant le présent arrangement, la Liste Civile se trouve définitivement réduite de la somme de £ E. 86,473 présentement rachetée. En conséquence les dits Princes et Princesses déclarent formellement en leur nom et, en tant que de besoin, au nom de leurs héritiers, qu'ils n'ont plus aucun droit et ne peuvent à quelque titre que ce soit, demander une allocation sur la Liste Civile.

Il est bien entendu que cet arrangement est définitif, les parties contractantes s'entendront ensuite pour donner à cet acte la forme légale qui sera reconnue nécessaire et consigner tous les hodjets, titres, &c.

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Je vous prie de m'envoyer une copie certifiée conforme de vos pouvoirs et de la procuration de son Altesse Hussein Pacha Kamil.

Veuillez, &c.
(Signé) NUBAR.

Pour copie certifiée conforme :
Le Secrétaire-Général du Conseil des Ministres,
(Signé) KAMIL.

Au Très Honorable W. T. Marriott, M.P. :

Monsieur,

Le Caire, le 29 Janvier, 1888.

En réponse à votre lettre en date du 26 Janvier courant, j'ai l'honneur de vous informer que le Gouvernement de Son Altesse considère comme vous que la répartition des £ E. 100,000, dans les proportions établies dans votre lettre du 23 Janvier, 1888, fait partie intégrante de l'arrangement.

Veuillez, &c.
Le Président du Conseil des Ministres,
(Signé) NUBAR.

N.B.—Il est bien entendu que l'abandon des biens et Palais d'Ermirghian, de Ghézireh et de Kasr-el-Aly, est consenti par l'État, au profit d'Ismail Pacha.

Les Soussignés déclarent adhérer purement et simplement, sans restriction ni réserves, aux arrangements et aux stipulations des documents ci-dessus reproduits :

Son Altesse le Khédive Ismail (en son nom propre et au nom de ses enfants mineurs leurs Altesses Amina et Nemat Hanem, les Princes Aly Bey et Fouad Bey),	(Signé) ISMAÏL.
Son Altesse le Prince Ibrahim,*	(Voir ci-après).
Son Altesse la Princesse Chokrat Hanem,	(Cachet.)
Son Altesse la Princesse Djenanar Hanem,	(Cachet.)
Son Altesse la Princesse Techechmi Afet,	(Signé) TECHECHMI AFET.
Son Altesse le Prince Hussein,	(Signé) HUSSEIN KAMIL.
Son Altesse le Prince Hassan,	(Signé) HASSAN.
Son Altesse la Princesse Hassan,	(Signé) KHADIDJA.

Les signatures et cachets ci-dessus apposés sont ceux de leurs Altesses Ismail Pacha, ex-Khédive, de son fils le Prince Hassan, des deux épouses du 1^{er} Génanar Hanem et Techechmi Afet Hanem et de l'épouse du dernier Khadidja Hanem.

Ces signatures et cachets ont été également inscrits par les signataires mêmes dans le registre *ad hoc* du Mehkémé.

En foi de quoi la présente légalisation a été écrite.

(Cachet.)
Le Greffier du Mehkémé de Première Instance de Péra,
(Signé) OMAR NAGI.

(Traduction du Turc.)

Adhésion de Son Altesse le Prince Ibrahim Hilmy, annoncée par son Télégramme du 14 Mars, 1888, à Son Altesse le Prince Hussein Kamil.

Le Soussigné déclare adhérer purement et simplement sans restriction ni réserves aux arrangements et aux stipulations des documents ci-dessus reproduits.

(Signé) IBRAHIM HILMY.

* *Yenikou, 14 Mars, 1888, à 10 h. 30 m.*—Prince Hussein Kamil, Caire.—Ai signé arrangement, vous l'expédie aujourd'hui légalisé.—(Signé) IBRAHIM HILMY.

La signature et le cachet apposés au bas de cette pièce appartiennent à son Altesse le Prince Ibrahim Hilmy qui les a lui-même apposés aussi sur le registre *ad hoc* du Mehkémé.

En foi de quoi la présente légalisation a été écrite.

Le Greffier du Mehkémé de Première Instance de Péra,
(Signé) OMAR NAGI.

Le 2 Ragab, 1305 (correspondant au 15 Mars, 1888).

Inclosure 2 in No. 103.

Extract from the "Journal Officiel" of April 30, 1888.

Décret.

NOUS, Khédive d'Égypte,

Vu le Firman de Sa Majesté Impériale le Sultan contenant l'autorisation d'émettre un emprunt de £ E. 5,000,000;

Vu la Loi de Liquidation du 17 Juillet, 1880;

Vu notre Décret du 27 Juillet, 1885;

Vu notre Décret de ce jour sanctionnant l'arrangement intervenu avec plusieurs membres de notre famille;

Sur la proposition de notre Conseil des Ministres et sur l'avis conforme de MM. les Commissaires-Directeurs de la Caisse de la Dette Publique;

Avons décrété et décrétons :

Article 1^{er}. Notre Ministre des Finances est autorisé à émettre, à un taux qui ne pourra excéder le 5 pour cent, à valoir sur la somme de £ E. 5,000,000 ci-dessus mentionnée, la quantité de titres nécessaire pour produire, après le prélèvement des coupons de 1888, et le paiement des frais de remise, et autres frais de l'opération, une somme effective maxima de £ E. 2,000,000 (2,051,282l.).

Art. 2. Les coupons de cet emprunt seront payés en or en Égypte, à Londres, à Berlin, et à Paris, le 20 Juin et le 20 Décembre de chaque année.

MM. les Commissaires de la Dette, de concert avec notre Ministre des Finances, fixeront, en monnaie Française et en monnaie Allemande, le change des paiements à Paris et à Berlin des coupons de cet emprunt, sans que ce change puisse jamais dépasser la parité de la livre sterling, ni être inférieur à 25 fr., ou 20 marks et 25 pfennings.

Art. 3. Le service de cet emprunt sera effectué par la Caisse de la Dette Publique, dans les mêmes conditions que le service de l'emprunt garanti et des Dettes Privilegiée et Unifiée.

Art. 4. Les obligations de cet emprunt ne pourront être frappées d'aucun impôt au profit de notre Gouvernement.

Art. 5. Une annuité fixe de £ E. 130,000 (133,333l.) est destinée au service de cet emprunt et fera partie de la somme à laquelle ont été arrêtées les dépenses administratives par l'Article 18 de notre Décret du 27 Juillet, 1885.

Elle sera payée par mensualités de £ E. 10,833 (11,111l.) qui seront versées le 1^{er} de chaque mois, à partir du 1^{er} Janvier, 1889, par le Ministre des Finances à la Caisse de la Dette Publique.

En cas de retard dans le paiement d'une seule de ces mensualités, le produit des Contributions Directes et Indirectes de la ville du Caire, perçues par la Daira Baladiéh, sera versé par cette Administration à la Caisse de la Dette Publique, sur sa simple demande, jusqu'à ce que le paiement de la semestrialité à échoir soit assuré intégralement, et ce, sous les mêmes responsabilités que celles édictées par le Décret du 2 Mai, 1876, pour les fonctionnaires des provinces et Administrations affectées à la Dette Publique.

Le Gouvernement s'engage à n'apporter dans les contributions mentionnées ci-dessus aucune modification qui serait de nature à en réduire le rendement, au-dessous d'une somme annuelle de £ E. 300,000.

Art. 6. La portion de cette annuité, qui ne serait pas absorbée par le service de l'intérêt, sera affectée à l'amortissement.

Art. 7. L'annuité fixée à l'Article 5 sera diminuée d'un quart, lorsque, par suite des amortissements, le montant des titres restant en circulation sera réduit aux trois quarts de l'émission.

Art. 8. Tous les versements de l'emprunt seront centralisés à la Caisse de la Dette.

Art. 9. Sur le produit de cet emprunt, sont destinées:—

£ E. 1,275,000 à faire face à l'arrangement intervenu avec plusieurs membres de notre famille et sanctionné par notre Décret de ce jour; £ E. 450,000 à permettre la continuation de l'échange des pensions contre des terres libres ou Domaniales. Cet échange se fera conformément aux dispositions d'un Décret à promulguer ultérieurement; le surplus £ E. 275,000 constituera une avance sur la réalisation des biens libres catalogués pour faire face aux charges prévues par l'Article 9 de notre Décret du 27 Juillet, 1885. Total, £ E. 2,000,000.

La Commission de la Dette remettra à notre Ministre des Finances, au fur et à mesure de ses besoins, la somme de £ E. 275,000 mentionnée ci-dessus; les autres sommes seront versées par elle, directement, aux divers ayants-droit, sur mandats Ministériels.

Art. 10. Le produit net de la réalisation des biens libres catalogués, qui ont été vendus depuis le 1^{er} Janvier, 1888, ou qui seront vendus à l'avenir, soit à des pensionnaires, soit à d'autres, sera versé tous les trois mois par notre Ministre des Finances à la Caisse de la Dette Publique. Chaque versement sera accompagné d'un État détaillé des ventes effectuées dans le trimestre.

Ces versements seront affectés:—

1. Aux charges spécifiées dans l'Article 9 de notre Décret de 27 Juillet, 1885, après épuisement de la somme de £ E. 275,000 mentionnée à l'Article 9.

2. Au remboursement de cette avance de £ E. 275,000, les sommes ainsi remboursées devant être employées à l'amortissement de l'emprunt émis en vertu du présent Décret.

3. A l'amortissement de l'Emprunt Garanti, conformément aux dispositions de l'Article 10 de notre Décret du 27 Juillet, 1885.

Art. 11. Il sera loisible à notre Gouvernement de rembourser à la Caisse de la Dette, à n'importe quelle époque, tout ou partie de l'avance de £ E. 275,000, ainsi que de lui verser pour l'amortissement toute autre somme dont il pourrait disposer.

Art. 12. L'amortissement prévu par les Articles 6, 10 (paragraphe 2), et 11 du présent Décret se fera par rachat au cours du marché; lorsque ce cours sera supérieur au pair, il s'effectuera au pair par voie de tirages.

Art. 13. Notre Ministre des Finances est chargé de l'exécution du présent Décret.

Fait au Palais d'Abdin, le 30 Avril, 1888 (19 Chaban, 1305).

(Signé) MÉHÉMET TEWFIK.

Par le Khédive:

Le Président du Conseil des Ministres,

(Signé) N. NUBAR.

Le Ministre des Finances,

(Signé) MOHAMED ZÉKI.

No. 104.

Sir E. Baring to the Marquis of Salisbury.—(Received May 12.)

(No. 179.)

My Lord,

Cairo, May 3, 1888.

I HAVE the honour to inclose a copy of the usual monthly Statement published by the Commissioners of the Debt.

It appears from this Statement that, after paying the coupon on the Preference stock due on the 15th April and that on the Unified stock, the accounts of which are made up on the 26th April, the Commissioners had 556,648*l.* in hand to meet the two coupons payable next October. The Commissioners, therefore, already have in hand about the sum necessary to pay the October coupon on the Preference stock, amounting to 557,420*l.*

A reference to my despatch No. 277 of the 3rd May, 1887, will show that at the corresponding period last year the Commissioners carried over 333,439*l.* to meet the October coupon.

The present position is, therefore, better than that of last year by about 224,000*l.*

I have, &c.
(Signed) E. BARING.

Inclosure in No. 104.

Extract from the "Journal Officiel" of May 2, 1887.

CAISSE DE LA DETTE PUBLIQUE.

Mois d'Avril 1888.

État Mensuel des Sommes versées à la Caisse de la Dette Publique.

EMPRUNT GARANTI 3 POUR CENT.

Échéance du 1 ^{er} Septembre, 1888—						£
Capital restant à amortir ..	..	..	..	..	..	9,172,000
Dotation d'intérêts ..	..	..	..	..	..	137,580
Dotation d'amortissement ..	..	..	..	..	..	19,920
Total égal à la demi-annuité à prélever le 15 Août 1888, comme première charge sur les revenus affectés au service de la Dette Privilegiée et de la Dette Unifiée ..						157,500

DETTE PRIVILEGIÉE.

Échéance du 15 Octobre, 1888—						£
Capital restant à amortir ..	..	..	..	..	..	22,296,800
Dotation d'intérêts ..	..	..	..	..	..	557,420

Nota.—Le complément des dotations de la Dette Privilegiée est prélevé sur les revenus de la Dette Unifiée.

Désignation des Administrations dont les Revenus sont affectés au Service de la Dette Privilegiée.	Sommes versées—		Totaux
	Du 15 au 30 Avril, 1888.		
	£ E. m.	£ E. m.	£ E. m.
Chemins de Fer, Télégraphes, et Port d'Alexandrie ..	48,750 000	..	..
Soit	..	..	£50,000

DETTE UNIFIÉE.

Échéance du 1 ^{er} Novembre, 1888—						£ s.
Capital restant à amortir ..	..	..	..	..	..	55,982,440 0
Dotation d'intérêts ..	..	..	..	..	..	1,119,788 16

Désignation des Administrations et Provinces dont les Revenus sont affectés au Service de la Dette Unifiée.	Sommes versées—		Totaux au 30 Avril, 1888.
	Du 26 au 30 Avril, 1888.		
	£ E. m.	£ E. m.	£ E. m.
Province de Garbieh ..	..	..	..
.. Ménoufieh ..	..	..	..
.. Béhéra ..	..	..	..
.. Siout ..	..	..	..
Douanes ..	10,000 000	..	10,000 000
Droits sur les tabacs d'importation ..	4,000 000	..	4,000 000
Excédent au 25 Avril ..	..	..	479,981 105
	14,000 000	..	493,981 105
Soit	..	..	£506,648

Les Commissaires-Directeurs,

(Signé)

Comte ZALUSKI.

G. LE CHEVALIER.

A. MONEY.

G. B. MACHIAVELLI.

Prince A. MOUROUSI.

Pour copie conforme:

Le Contrôleur,

(Signé)

W. Mog.

Le Caire, le 1^{er} Mai, 1888.

No. 105.

The Marquis of Salisbury to Sir E. Baring.

(No. 47.)
(Telegraphic.)

Foreign Office, May 14, 1888.

YOUR despatch No. 177 of 30th April: Khedivial lands.

We scarcely feel competent to judge, but have no objection to the proposal.

No. 106.

The Marquis of Salisbury to Sir E. Baring.

(No. 116. Ext 47.)
Sir,

Foreign Office, May 14, 1888.

I HAVE received your despatch No. 177 of the 30th ultimo, forwarding, for the consideration of Her Majesty's Government, a draft Decree to be issued with a view to rendering the revenues of the lands to be placed in trust for the family of the ex-Khedive and their descendants incapable of being seized, except for the recovery of taxes.

I have to-day informed you by telegraph that Her Majesty's Government have no objection to offer to this proposal, although they scarcely feel in a position to offer a competent judgment on the subject.

I am, &c.
(Signed) SALISBURY.

No. 107.

The Marquis of Salisbury to Sir E. Baring.

(No. 49.)
(Telegraphic.)

Foreign Office, May 19, 1888, 5:55 P.M.

TREASURY ask for short statement showing present position of Guaranteed Loan and operation of sinking fund.

Amount paid off appears largely in excess of what could be devoted to sinking fund out of annuity provided by Convention for service of loan.

No. 108.

Sir E. Baring to the Marquis of Salisbury.—(Received May 21.)

(No. 185.)
My Lord,

Cairo, May 10, 1888.

I HAVE the honour to transmit herewith a Report on the monetary operations of the Egyptian Government down to the end of 1887.

Your Lordship will observe from this Report that the reform of the silver currency of the country has been brought to a successful conclusion.

Formerly, great loss and inconvenience was occasioned by the quantity of foreign silver in circulation. The new currency has driven foreign silver coinage almost entirely out of the country, and replaced it by a single standard of value, the piastre.

This change has been carried out with no loss to the Treasury. On the contrary, a surplus of £ E. 128,000 remains after paying all the expenses of the operation. The successful results of the reform reflect the highest credit on Sir Edgar Vincent, under whose direction these operations have been effected.

I have, &c.
(Signed) E. BARING.

Inclosure in No. 108.

Extract from the "Journal Officiel" of May 9, 1888.

Rapport à Son Altesse le Khédive sur les Opérations Monétaires effectuées à fin 1887.

Monseigneur, Le Caire, le Avril, 1888.

CONFORMÉMENT aux dispositions de l'Article 18 du Décret du 14 Novembre, 1885, j'ai l'honneur de soumettre à votre Altesse le compte rendu des opérations monétaires effectuées jusqu'à la fin de l'année 1887.

Émissions.

Le Conseil des Ministres a approuvé les émissions suivantes :—

Monnaie d'or	..	..	..	..	..	£ E.	100,000
Monnaie d'argent	..	..	..	..	..	"	1,200,000
Monnaie de nickel	..	..	..	..	..	Kilog.	90,000
Monnaie de bronze	..	..	..	..	..	"	20,000

RÉDUCTION DU TARIF DES MONNAIES D'ARGENT.

Le Tableau ci-dessous fait ressortir les réductions opérées sur les tarifs des différentes Monnaies d'Argent depuis le commencement de 1885.

Designation des Monnaies.	Ancien Tarif.	Réductions faites en 1885.						Observations.
		Date.	Montant.	Date.	Montant.	Date.	Montant.	
Marie Thérèse	Millièmes. 175	15 Janvier	..	2 Novembre	Millièmes. 5	..	..	
Colonate	190	..	..	..	..	..	..	
Medjidieh	162½	..	..	..	..	..	..	
Écu de 5 fr.	187½	..	..	..	..	..	..	
Pièce de 1 fr.	38½	..	..	..	..	..	..	
Roupie	80	..	..	..	..	..	..	
Schelling	48½	..	..	..	..	..	..	
Réductions faites en 1886.								
Designation des Monnaies.	Ancien Tarif.	Date.	Montant.	Date.	Montant.	Date.	Montant.	Total des réductions au 31 Décembre, 1886.
		Date.	Montant.	Date.	Montant.	Date.	Montant.	
Marie Thérèse	Mill. 175	17 Mars	..	14 Août	Mill. 5	..	..	Mill. 35
Colonate	190	..	..	..	..	..	..	7½
Medjidieh	162½	..	..	..	..	..	..	2½
Écu de 5 fr.	187½	..	..	..	..	..	..	25
Pièce de 1 fr.	38½	..	..	..	..	..	..	6
Roupie	80	..	..	..	..	..	..	17½
Schelling	48½	..	..	..	..	..	..	6½
Réductions faites en 1887.								
Designation des Monnaies.	Ancien Tarif.	Date.	Montant.	Date.	Montant.	Date.	Montant.	Total des réductions au 31 Décembre, 1887.
		Date.	Montant.	Date.	Montant.	Date.	Montant.	
Marie Thérèse	Mill. 175	17 Mars	..	14 Août	Mill. 5	..	..	Mill. 140
Colonate	190	..	..	..	..	..	..	180
Medjidieh	162½	..	..	..	..	..	..	160
Écu de 5 fr.	187½	..	..	..	..	..	..	150
Pièce de 1 fr.	38½	..	..	..	..	..	..	30
Roupie	80	..	..	..	..	..	..	55
Schelling	48½	..	..	..	..	..	..	40

Retrait des Anciennes Monnaies d'Argent.

Les anciennes monnaies d'argent retirées de la circulation et expédiées à Berlin, pour y être fondues et servir à la frappe de la nouvelle monnaie, se sont élevées à—

	£ E.
2,374,000 pièces Parisiennes représentant une valeur nominale de	207,725
124,000 talaris Égyptiens	24,180
15,000 talaris Marie-Thérèse	2,325
Piastres pour une valeur nominale de	305,637
Total	539,867

En outre, dans le courant de l'année 1887, le Ministère des Finances a retiré de la circulation 475,000 pièces d'or de 100 piastres. Ces pièces ont été fondues à Londres et Berlin et les lingots d'or obtenus ont été vendus dans ces deux villes.

Aux termes de l'Article 17 du Décret du 14 Novembre, 1885, le Ministère des Finances a retiré le cours légal aux anciennes monnaies d'argent ci-après désignées :—

Pièces de 20 et de 10 paras, à partir du 31 Juillet, 1887 ;

Pièces de 1 piastre, à partir du 31 Août, 1887 ;

Parisien et talaris Égyptiens, à partir du 31 Décembre, 1887.

La date pour le retrait définitif des anciennes monnaies de cuivre a été fixée au 1^{er} Mai, 1888.

Les exportations totales des monnaies d'argent étrangères se sont élevées à :—

	En 1886.	En 1887.	Total.
	£ E.	£ E.	£ E.
Colonnates	127,957	9,621	137,578
Marie-Thérèse	47,834	14,675	62,509
Medjidiehs	179,887	125,066	304,953
Autres monnaies	173,854	121,624	295,478
Total	529,532	270,986	800,518

Résultat de la Fonte des Anciennes Monnaies d'Argent envoyées à Berlin.

Le Tableau suivant indique les résultats obtenus par la fonte d'une partie des monnaies d'argent expédiées à Berlin.

Désignation et Valeur des Monnaies fondues.	Poids brut après la Fonte.	Poids fin.	
		Argent.	Or.
£ E. mill.	Kilog.	Kilog.	Kilog.
292,437 500 en piastres	33,356 5651	25,499 8760	33 47265
207,725 000 en 2,376,000 Parisiens	28,618 9510	25,700 5216	..
21,840 000 en 112,000 talaris Égyptiens	2,941 6750	2,465 4275	} 2 71905
2,325 000 en 15,000 Marie-Thérèse	418 9850	349 1450	
524,327 500 Total	65,336 1761	54,014 9700	36 19170

	£ E.
Il a été fait, en outre, d'autres envois de 12,000 talaris Égyptiens d'une valeur nominale de	2,340
Et de piastres pour une valeur de	13,200
	15,540

Dont les résultats ne sont pas encore connus.

Argent employé à la Frappe des Nouvelles Monnaies.

Les lingots d'argent achetés depuis le commencement des opérations de la nouvelle frappe jusqu'au 31 Décembre, 1887, se sont élevées à :—

	£ E.
Décembre 1885. 10,000 kilog. d'argent à 47½ d. l'once standard	67,267
Janvier 1886. 10,000	65,658
Mars	66,012
Avril	66,012
Mai	64,953
Mars 1887. 9,963	63,693
Juin	63,109
69,976 kilog.	454,904

Monnaies Frappées.

Les monnaies frappées se sont élevées à £ E. 1,231,196 717½ mill. ; elles se composent de :—

	£ E. mill.	£ E. mill.
<i>Monnaies d'Or.</i>		
49,839 pièces de 100 piastres	..	49,839 000
<i>Monnaies d'Argent.</i>		
8,491,535 pièces de P. T. 1	84,915 350	
5,689,975 2	113,799 500	
4,195,410 5	209,770 500	
4,796,540 10	479,654 000	
985,000 20	197,000 000	
24,158,460		1,085,139 350
<i>Monnaies de Nickel.</i>		
2,306,534 pièces de 1 Ochr-el-G.	2,306 534	
3,200,415 2	6,400 830	
17,008,254 5	85,041 270	
22,515,203		93,748 634
<i>Monnaies de Bronze.</i>		
1,668,773 pièces d'¼ Ochr-el-G.	417 193½	
4,105,080 d'½	2,052 540	
5,773,853		2,469 733½
52,497,355 Total général	..	1,231,196 717½

NOUVELLES Monnaies mises en Circulation au 31 Décembre, 1887.

	£ E. mill.	£ E. mil.	£ E. mill.
Argent	776,480 760		
Nickel	59,832 124		
Bronze	1,011 766½		
		..	837,324 640½
<i>Solde en Nouvelles Monnaies au 31 Décembre, 1887.</i>			
Dans les caisses du Trésor—			
Argent	278,566 010		
Nickel	33,916 510		
Bronze	1,457 977		
		313,940 497	
A l'Hôtel Royal des Monnaies de Berlin—			
Or	49,839 000		
Argent	30,092 580		
		79,931 580	
			393,872 077
			1,231,196 717½

Résultat approximatif des Opérations de la Frappe.

Les opérations de la refonte et de la frappe, à fin 1887, ont donné les résultats suivants:—

	£ E.	£ E.	£ E.
<i>Or.</i>			
Achat de lingots d'or once standard, 13,004,947 = ...	..	..	49,302
<i>Argent.</i>			
Achat de lingots d'argent, kilog. 69,977 =	..	454,904	
Envois d'anciennes monnaies Égyptiennes ..	..	539,867	
			994,771
<i>Nickel.</i>			
Prix de 80,000 kilog.	..	..	13,116
<i>Bronze.</i>			
Prix de 17,000 kilog.	..	..	1,470
<i>DÉPENSES.</i>			1,058,658
Frais de télégrammes	..	281	
.. de déplacement	..	741	
.. d'expédition	..	8,688	
.. d'assurance	..	1,945	
.. de frappe, de fonte, d'affinage et autres	..	28,587	
Perte résultant de la réduction du tarif des anciennes monnaies d'argent	10,950		
A déduire—			
Bénéfice sur vente d'anciennes monnaies d'argent et de monnaies d'or	1,957	8,993	
			49,235
<i>Total</i>	..	..	1,107,893
<i>Nouvelles monnaies reçues—</i>	£ E.		
Argent	1,055,047		
Nickel	93,749		
Bronze	2,470		
	1,151,266		
<i>Nouvelles monnaies existant à l'Hôtel des Monnaies à Berlin—</i>	£ E.		
Or	49,839		
Argent	30,092		
	79,931	1,231,197	
Prix de l'or obtenu à la suite de la fonte d'une partie des anciennes monnaies en- voyées à Berlin	4,822		
Bénéfice résultant de la vente des lingots d'argent	269	5,091	
			1,236,288
<i>Excédent</i>	..	..	128,395

Dans son dernier rapport sur les opérations de l'année 1886, mon prédécesseur exprimait l'espoir que la réforme monétaire s'effectuait sans causer aucune perte pour le Trésor; l'expérience de 1887 a pleinement confirmé ces prévisions: non seulement cette œuvre si utile au pays a rencontré dans son accomplissement le succès le plus légitime auprès des populations, mais encore, les résultats financiers des opérations ont permis de constituer une réserve importante en vue de maintenir la régularité et le bon fonctionnement de la circulation.

Cette tâche implique, à mon avis, la nécessité de consacrer des ressources suffisantes à la formation d'un fonds destiné à pourvoir dans l'avenir, au remplacement des pièces usées ou détériorées par l'usage et à doter le pays d'une nouvelle monnaie d'or, si l'utilité s'en faisait sentir dans l'intérêt de la circulation.

Je suis, &c.
(Signé) MOHAMED ZEKI.

No. 109.

Sir E. Baring to the Marquis of Salisbury.—(Received May 28.)

(No. 193.)

My Lord,

Cairo, May 18, 1888.

WITH reference to your Lordship's telegram No. 47 of the 14th instant and to previous correspondence, I have the honour to transmit herewith copy of a note which I have addressed to Nubar Pasha, informing him that Her Majesty's Government have given their adhesion to the terms of the draft Decree which the Egyptian Government propose to issue with regard to the lands recently given to the members of the Khedivial family in exchange for their allocations.

I have, &c.
(Signed) E. BARING.

Inclosure in No. 109.

Sir E. Baring to Nubar Pasha.

M. le Président,

Cairo, May 15, 1888.

I HAVE the honour to inform your Excellency that Her Majesty's Government have given their adhesion to the terms of the draft Decree inclosed in your Excellency's Circular note of the 30th ultimo, whereby the revenues of the lands given to the members of the Khedivial family in exchange for their allocations, and placed in trust for them and their descendants, are rendered incapable of being transferred or of being seized except for the recovery of taxes.

I have, &c.
(Signed) E. BARING.

No. 110.

Sir E. Baring to the Marquis of Salisbury.—(Received May 28.)

(No. 196.)

My Lord,

Cairo, May 20, 1888.

IN answer to your Lordship's telegram No 49 of yesterday, I have the honour to transmit herewith a short statement by Mr. Palmer, showing the present position of the Guaranteed Loan and the operation of the sinking fund.

I have, &c.
(Signed) E. BARING.

Inclosure in No. 110.

Memorandum.

THE accompanying Statement shows the position of the Guaranteed Loan on the 30th April, 1888.

The amounts applied to the sinking fund, over and above what was available out of the fixed annuity, were the following:—

£ E. 84,650 being the difference between the three months' interest paid in 1885 and half the whole annuity, which it was decided with the Caisse de la Dette should be charged in the 1885 accounts.

£ E. 70,751 being half the surplus of the years 1885 and 1886, which, in accordance with Article XXI of the Convention, had to be supplied to the sinking fund.

(Signed) ELWIN PALMER,
Director-General of Accounts.

Cairo, May 20, 1888.

SITUATION de l'Emprunt Garanti au 30 Avril, 1888.

	£ E. m.	£ E. m.
Sommes affectées à l'amortissement—		
Reliquat de la demi-annuité de 157,500 <i>l.</i> , échue le 1 ^{er} Septembre, 1885, après paiement du coupon intérimaire de 70,680 <i>l.</i>	..	84,649 500
Dotations d'amortissements—		
Du 1 ^{er} Mars, 1886	15,736 500	
Du 1 ^{er} Septembre, 1886	17,261 888	
Du 1 ^{er} Mars, 1887	17,525 137	
Du 1 ^{er} Septembre, 1887	17,794 237	
Du 1 ^{er} Mars, 1888	19,135 350	
		87,453 112
Intérêts des titres rachetés—		
Coupons du 1 ^{er} Septembre, 1886	263 250	
.. du 1 ^{er} Mars, 1887	269 100	
.. du 1 ^{er} Septembre, 1887	1,341 112	
.. du 1 ^{er} Mars, 1888	286 650	
		2,160 112
Partie des excédents budgétaires des Exercices 1885-86	..	70,751 031
		245,013 755
	Capital Nominal.	Sommes employées.
	£	£ E. m.
Amortissements effectués—		
29 Mai, 1886	104,300	100,345 659
30 Septembre, 1886	18,000	17,517 094
1 ^{er} Mars, 1887	18,400	17,760 600
27 Août, 1887	91,700	89,925 284
1 ^{er} Mars, 1888	19,600	19,396 650
Total des amortissements	252,000	244,945 287
Titres en circulation au 30 Avril, 1888	9,172,000	
Montant nominal de l'émission	9,424,000	
Solde disponible pour les amortissements ultérieurs	..	68 468

(Signed) ELWIN PALMER,
Director-General of Accounts.

Cairo, May 20, 1888.

No. 111.

Sir E. Baring to the Marquis of Salisbury.—(Received June 11.)

(No. 210.)

My Lord,

Cairo, June 2, 1888.

I HAVE the honour to inclose a copy of a "Note on Nile Storage," which has been communicated to me by Sir Colin Scott Moncrieff.

Your Lordship is, without doubt, aware that, besides Mr. Cope Whitehouse's scheme, there is a larger and more ambitious project of M. de la Motte for irrigating Upper Egypt, which has for some long time past been more or less favoured by Nubar Pasha.

I have on previous occasions expressed an opinion that small loans might perhaps be advantageously made with a view to improving the systems of drainage, irrigation, and communication in Egypt. But I entirely agree with Sir Colin Scott Moncrieff as to the desirability of waiting before the Egyptian Government embarks on any large and expensive schemes for storing Nile water. I do not mean to say that something of this sort may not, perhaps, eventually be done with advantage to the country, but after having with the greatest difficulty secured a fair prospect of procuring financial equilibrium in Egypt, I think it would not be prudent to risk the future by embarking at once in any expensive projects, the results of which must at best be doubtful. For the next year or two the best thing the Egyptian Government can do is to devote, if possible, some moderate sums to drainage rather than any large sums to increasing the supply of water.

I have, &c.
(Signed) E. BARING.

Inclosure in No. 111.

Note on Nile Storage.

HIS Excellency Nubar Pasha has written a Minute on the storage of Nile water, and in a note of the 26th instant has done me the honour of inviting my observations.

His argument is briefly this: The project of the Wadi Raian reservoir by itself is only calculated to benefit Northern Egypt. The waters from that reservoir could not be directed to the provinces of the south, and in order to benefit these latter the only expedient would be to construct a barrage somewhere in the Province of Esneh to divert the waters of the Lower Nile into a system of perennial canals there to be constructed, and to replace the water thus abstracted from the irrigation of Lower Egypt by that obtained from the Wadi Raian reservoir. By these means the additional 20,000,000 cubic metres which the Wadi Raian could daily furnish during low Nile would be made available in the provinces of the south, those of Lower Egypt remaining as they are.

Now, I believe that for a sum not exceeding 1,800,000*l.* the benefit of the Wadi Raian could be made available throughout the Fayoum, Giseh, and all Lower Egypt, including desert lands to be reclaimed in Behera, and all the Berari country. It would probably cost 600,000*l.* more to make a barrage in Esneh in order to utilize the additional water supply there, an additional outlay which could only be justified by very strong reasons. Nubar Pasha thinks, however, the subject merits attention, and very rightly adds that, if the Upper Nile is thus to be studied, it would be as well to complete our knowledge by a full study of the site suggested for a great reservoir on the Nile itself at Kalabshah, south of Assouan. Although he does not say so, I cannot doubt that he would like the project of the Silsileh reservoir to be carefully examined at the same time.

I formerly advanced an objection to this exhaustive study of the Nile valley, that it was an expense hardly worth incurring unless there was reasonable hope of putting our designs into execution. Nubar Pasha meets this objection by showing how financial difficulties may be overcome. He protests against any increase of the existing too heavy land tax. He expresses a hope (in which I cordially join) that any increased revenue obtained from the new tobacco tax, or from economies of administration, may be devoted to drainage and to the complete abolition of the corvée. He deprecates discounting the 200,000*l.* to be received from the Suez Canal. But he thinks there are still resources available, and that from the land which this stored water will enable us to reclaim from the desert, a sufficient revenue may be obtained. This land, he remarks, is chiefly in Upper Egypt and Behera.

Now, as to the area of available land we are entirely in the dark.

How far west we may stretch in Behera is quite unknown, but Mr. Foster's observation so far points to land not well adapted for irrigation: undulating country and sand hills, depressions likely to become water-logged, high plateaux difficult to irrigate. Probably 300,000 feddans, including that already to be supplied by the Nubarieh Canal, is about the outside of the estimate. To the Fayoum I believe we might add 100,000 feddans, and if the Wadi Raian be turned not into a reservoir but into a cultivated valley, we shall have 86,000 feddans more, but the cost of taking irrigation into this valley will be very great.

From the Fayoum to Gebel Silsileh I do not think there is much desert land to be reclaimed. I cannot talk certainly, but I believe that the existing high Nile irrigation fills the whole valley, and that its limiting slopes are so steep that only a small area could be added to the cultivation even with a water surface 20 metres higher than it now is.

South of Gebel Silsileh I have no information except that Major Ross found a fine plateau at Kom Ombos, which would be submerged were the Silsileh reservoir project carried out, but might be irrigated from the Kalabshah project. I think, then, that we should take early stock of what additional irrigable area there is in Egypt. I believe it to be very moderate in extent. Now, whatever this area amounts to, there is abundance of water to irrigate it during high Nile, and probably to irrigate it would never cost more than 2*l.* per feddan (except in the case of the Wadi Raian, which would cost about 5*l.*). The irrigation of the Nubarieh Canal will be obtained for less than P. E. 50 per feddan.

Assuming, then, that the land exists, here is a profitable speculation. It must be of very poor quality that will not bear a tax of P. E. 25 per feddan, not a bad interest on 2*l.*

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But to give this same land water all the year round we must bring in the expensive machinery of a reservoir, and the cost will not generally be less than 5*l.* per feddan. Now, what increase of assessment can be placed on land obtaining water all the year round over land watered only in high Nile? Surely not more than double? And to obtain it the outlay must be increased from 2*l.* to 5*l.*

In the present state of Egyptian finance this does not seem good policy.

The conclusion, then, to which I am forcibly led is that we would do well to have a careful contoured survey of all the desert land which may be at some time or other added to the cultivation of Egypt, whether it be land that has always been desert or land fallen out of cultivation, but that it is not worth while at present to proceed with the study of great reservoir projects, whether in the Wadi Raian, at Gebel Silsileh, or at Kalabsheh. These sites will wait for us unchanged. The irrigation and drainage of the country are going through a transition stage quite fast enough. Let us go on for five years as we have done for the last four, seeing the changes produced by the barrage completed, constructing our drains, abolishing the corvée. Five years hence we may hope to see Egyptian finance more healthy than it now is, and better prepared, perhaps, to consider the great question of Nile storage.

(Signed) C. C. SCOTT MONCRIEFF,
Under-Secretary of State, Public Works Department.

May 29, 1888.

No. 112.

Sir E. Baring to the Marquis of Salisbury.—(Received June 15.)

(No. 215.)

My Lord,

Cairo, June 4, 1888.

I HAVE the honour to transmit herewith copy of the Judgment of the Court of Appeal, in the case of Spiridion Limberopoulo, who sued the Egyptian Government for payment of certain bonds purporting to be issued by General Gordon at Khartoum.

I have, &c.
(Signed) E. BARING.

Inclosure in No. 112.

Judgment.

LA Cour d'Appel d'Alexandrie a rendu l'Arrêt dont la teneur suit dans la cause entre Spiridion Limberopoulo, sujet Hellène, négociant au Caire, appelant; représenté par M. Sitzika, Avocat, et le Gouvernement Égyptien intimé représenté par M. Pietri, Avocat.

La Cour composée de MM. Bellet, Président; Hills, Antoniadès, Hamad Bey, Barringer, d'Abayos, Hamdy Bey, Wacyf Pacha, Conseillers; De Brouwer, Substitut du Procureur-Général; et Gennaropoulo, Greffier.

Où les Avocats des parties en leurs dires et conclusions;

Le Ministère Public entendu.

Après en avoir délibéré conformément à la loi.

Attendu que les bons au porteur créés par Gordon Pacha, pendant le siège et l'investissement de Khartoum avaient cours forcé sur la place, ainsi que le reconnaît l'appelant lui-même dans son Mémoire (p. 11); qu'ils constituaient non point des effets de commerce, mais un véritable papier-monnaie, destiné à faciliter les transactions et de passer de mains en mains; que Gordon Pacha qui, mieux que personne, pouvait en apprécier la nature et le caractère, les a toujours qualifiés de "papier-monnaie";

Attendu que, quelque étendus qu'aient été les pouvoirs de Gordon Pacha ils n'allaient pas jusqu'à lui permettre d'émettre du papier-monnaie; que le droit de frapper monnaie est la prérogative exclusive du Souverain, et que cette prérogative ne lui avait pas été déléguée;

Attendu qu'en principe les "bons Gordon" sont donc sans valeur à l'égard du Gouvernement Égyptien;

Attendu que l'appelant soutient, il est vraie, qu'aux termes de l'Article 214 du Code Civil, le Gouvernement Égyptien doit être déclaré responsable du fait de son représentant, agissant dans l'exercice de ses fonctions, et qu'il est en conséquence tenu

de réparer le dommage causé aux tiers par l'émission même irrégulière des "bons Gordon";

Attendu que pour pouvoir invoquer les dispositions de cet Article l'appelant devrait tout d'abord établir qu'il a subi un dommage provenant du fait de Gordon Pacha, c'est-à-dire que les bons dont il est porteur ont été remis par les Agents du Gouvernement à Khartoum, soit à lui soit à ceux de qui il les tient en échange de leur contre-valeur; qu'il n'a fait sur ce point aucune preuve ni aucune offre de preuve;

Attendu que Gordon Pacha, prévoyant les difficultés auxquelles pouvait donner lieu la liquidation de son papier-monnaie, dont il se considérait d'ailleurs comme personnellement responsable (p. 305 de son journal) avait eu le soin d'indiquer aux porteurs des bons le mode à suivre pour en obtenir le remboursement au Caire;

Attendu que ces bons devaient être échangés à Khartoum même contre des assignations nominatives sur le Ministère des Finances, qu'il y était même ajouté un intérêt de 2 pour cent par mois;

Attendu que l'appelant ou son représentant à Khartoum ne s'est pas conformé à ces prescriptions, qui auraient eu cependant pour effet d'assurer le recouvrement des bons en mettant leur porteur à l'abri d'une perte ou d'un vol, et d'augmenter le capital du montant des intérêts élevés auxquels il aurait eu droit; que cette omission inexplicable, puisque l'envoi des bons aurait eu lieu, d'après l'appelant, dans le courant du mois de Septembre 1884, quatre mois avant la chute de Khartoum, suffirait au besoin pour rendre suspecte la possession des bons dont le remboursement est demandé;

Attendu qu'il ne faut pas oublier, enfin, qu'au moment de la prise de Khartoum, il existait dans la Caisse du Gouvernement un grand nombre de bons non encore émis ou échangés déjà contre des assignations;

Que ces bons, ainsi que la pierre lithographique qui avait servi à les imprimer, la griffe et le cachet de Gordon, et le sceau du Gouvernement sont tombés au pouvoir du Mahdi, et des rebelles, qu'on ne saurait donc se faire un titre contre le Gouvernement Égyptien de la seule détention de "bons Gordon" sans en justifier l'origine.

Par ces motifs :

Confirme le Jugement par lequel le Tribunal de Première Instance du Caire a rejeté la demande de Limberopoulo;

Démet, en conséquence, l'appelant de son appel et le condamne aux dépens;

Taxe les frais de la défense du Gouvernement devant le Caire à P. T. 500.

Prononcé à l'audience publique du 17 Mai, 1888.

Le Président,
(Signé) MAURICE BELLET.

Le Greffier,
(Signé) GENNAROPOULO.

No. 113.

The Marquis of Salisbury to Sir E. Baring.

(No. 132.)

Sir,

Foreign Office, June 15, 1888.

I HAVE received your despatch No. 210 of the 2nd instant inclosing a copy of a "Note on Nile Storage," communicated to you by Sir Colin Scott Moncrieff, and I have to inform you that I concur in the views expressed by you in your above-mentioned despatch as to the course which it would be advisable for the Egyptian Government to adopt in dealing financially with the schemes in question.

I am, &c.
(Signed) SALISBURY.

No. 114.

Sir E. Baring to the Marquis of Salisbury.—(Received June 15.)

(No. 216.)

My Lord,

Cairo, June 4, 1888.

I HAVE the honour to inclose a copy of the Report of the Director-General of Customs for the year 1887.

The main facts brought out in this Report are as follows:—

The gross revenue amounted to £ E. 936,949. This is in excess of the average of the past ten years (£ E. 729,599), and is also in excess of the revenue of any one of the past ten years taken separately.

The expenditure amounted to £ E. 75,317; this is in excess of the average of the past ten years (£ E. 61,817). The diminution of expenditure as compared to that of 1886 (£ E. 83,847) was mainly due to the fact that the salaries for December 1887 were not brought to account till January 1888. This subject is more fully explained in my despatch No. 68 of the 11th February last.

The slight increase of expenditure is not a matter to be regretted. It is due to better supervision, and has led to an increase of revenue. The net revenue was £61,632. The average net revenue for the last ten years was £64,752.

The value of the merchandize imported into Egypt and liable to duty was £ E. 6,876,530. This is £ E. 222,809 in excess of the imports of 1886 (£ E. 6,653,721). There was a diminution of £ E. 203,500 in the value of cereals imported.

On the other hand, textile fabrics increased by £ E. 105,157, and "metals" by £ E. 423,165. The latter increase is mainly on account of machinery, &c., imported for the use of the Suez Canal Company.

In addition to the above, merchandize from Turkey, which is duty-free, was imported to the extent of £ E. 1,256,477, against £ E. 1,193,289 in 1886.

The value of the exports amounted to £ E. 10,876,417, against £ E. 10,129,620 in 1886. The increase was principally in cereals (£ E. 243,834) and textile fabrics (£ E. 422,766).

The quantity of tobacco imported fell from 2,983,575 to 2,886,531 kilog., and the revenue collected from £ E. 304,474 to £ E. 289,049.

The measures recently taken to abolish the excessive protection heretofore accorded to native-grown tobacco will probably increase the imports of foreign tobacco in the future.

Gold was imported in the year to the extent of 2,458,469l., and exported to the extent of 1,416,066l. The net amount imported was, therefore, £ E. 1,042,403.

Silver was imported to the extent of £ E. 608,271, and exported to the extent of £ E. 481,996. The net amount imported was, therefore, £ E. 126,275.

I have, &c.
(Signed) E. BARING.

No. 115.

Sir E. Baring to the Marquis of Salisbury.—(Received June 15.)

(No. 218.)

My Lord,

Cairo, June 5, 1888.

I HAVE the honour to inclose a Statement published in the Official Journal, from which it appears that the outstanding nominal capital of the Domains Loan now amounts to £ E. 6,872,000.

In considering this Statement it must be borne in mind that the results of the arrangement recently made with certain members of the Khedivial family have not yet been brought to account.

This arrangement, when finally concluded, will considerably reduce the amount of the Domains Loan.

I have, &c.
(Signed) E. BARING.

Inclosure in No. 115.

Extract from the "Journal Officiel," of June 4, 1888.

EMPRUNT DOMANIAL.

SITUATION de l'Emprunt Domanial au 31 Mai, 1888, d'après le travail de vérification confié à la Caisse de la Dette Publique.

	£	£	£
Capital nominal de la Dette au 30 Novembre, 1887, déduction faite des rachats effectués avec les produits des ventes immobilières	..	..	7,155,400
Titres rachetés avec les produits des ventes immobilières du 1 ^{er} Décembre, 1887, au 31 Mai, 1888	..	..	45,680
Reste capital de la Dette	..	..	7,109,720
Dotation d'intérêts du 1 ^{er} Juin, 1888	177,743		
Capital nominal des titres rachetés avec les produits autres que les ventes d'immeubles au 30 Novembre, 1887	..	231,620	} 237,720
Obligations rachetées avec les intérêts des titres rachetés avec les annuités fixés au 31 Mai, 1888	..	6,100	
Capital nominal des titres en circulation	..	..	6,872,000
Dotation d'intérêts des titres en circulation	171,800	..	..
Différence à employer en achats de nouveaux titres	5,943	..	..

No. 116.

Sir E. Baring to the Marquis of Salisbury.—(Received June 25.)

(No. 231.)

My Lord,

Cairo, June 14, 1888.

I HAVE the honour to inclose a copy of the Report of the Railway Administration for the year 1887.*

It is perhaps scarcely necessary that I should give a summary of this Report. I would, however, draw your Lordship's attention to the fact that the gross receipts in 1887 amounted to £ E. 1,452,250, being £ E. 32,758 in excess of the receipts of 1886 (£ E. 1,419,492).

The result is all the more satisfactory when it is remembered that the receipts on account of the transport of the Army of Occupation were £ E. 37,571 less in 1887 than in 1886. (See page 6 of Report.)

I have, &c.
(Signed) E. BARING.

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* Not printed.